FINANCIAL TIMES

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1971 1975 THE QUEEN'S AWARD TO INDUSTRY

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NEWS SUMMARY

NERAL

'alks o-day to top rail trike

negotiations to prevent the ce planned from midnight Sunday by the National on of Railwaymen begin ay at the invitation of the ish Railways Board.

is clear from British Rail's iness to talk that it is willing ut mor emoney on the table the £77.5m. arbitration d which it said only last : was its final limit, writes Rogers.

e other two rail unions, EF and the TSSA, have ac ed the 27.7 per cent. award, it is thought certain that will want a share in any ase given to the NUR. Page

seph's plan protect law'

Keith Joseph advocates in a hlet published to-day a r constitutional innovation a Bill of Rights for self sed restraint on Parliament stop the law becoming a political football." His s have particular relevance use he is the "Shadow" net's policy co-ordinator, s Richard Evans.

ach crash toll es to 10

number of people killed in lay's coach crash at Moffat, riesshire, rose to 10 when oman named as Rose Watts, unor Hill, Brighton, died in ital. MPs called yesterday entral harriers along the A74 e, said Scottish Secretary iam Ross in a Commons ment, the coach and an ulated lorry collided after y rain. Page 16

monstown anger

ry Tory backbenchers cked the ending of the onstown Agreement in the mons, accusing the Govern t of yielding to Left-wing sure and easing Russia's es in the Indian Ocean. ence Minister William Rod s confirmed that all bilateral itary co-operation with South ica was over. e 16

nti-Left launch

Social Democratic Alliance, grouping of Labour moder s against Left-wing militancy officially launched in don yesterday. It is backed Mr. Roy Jenkins and Mr. Reg ntice but MPs will not be gible for office. ge 10

umes hit 67

nich police last night blamed decomposing stockpile of nitro sphate fertiliser in a ware se at the village of Heimstet for red and black fumes ich put 67 people in hospital h suspected gas poisoning.

ifles recovered

ops last night found hidden a farm 16 rifles and a sack of tols out of the arms stolen m an Ulster Defence Regt noury, which totalled over 100 es, a machine-gun and 35 sub chine guns.

riefly . . .

aeli ex-Premier Golda Meir nt into hospital with a hip and ailment. She was expected to-day.

ra Lynn — a Dame in last k's Queen's Birthday Honours vill attend a lunch in honour her by the Variety Club of eat Britain at the Savoy on y 22.

ok worth £2,500 was stolen hin an hour of the Anti rian Book Fair's opening in ndon.

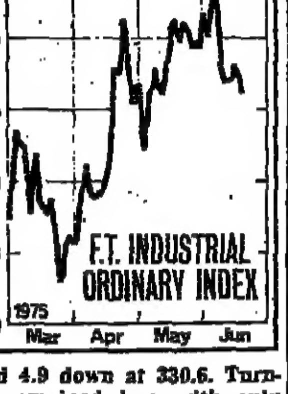
itzerland may end the system numbered bank accounts after ormal talks between her tional Bank and commercial nks. Page 6

lder allowance for a South t crofter who sends his ldren to school on horseback l he raised from £1 a day to 0 by Western Isles Education mmittee.

BUSINESS

Equities lose 4.9; £ above its worst

● EQUITIES fell again, though losses were trimmed by the Government's moves to avert the railway strike. The FT 30-share index, after dropping 7.7,



ended 4.9 down at 330.6. Turnover remained low, with only small amounts of stock being sold.

● GILTS were little changed at the close after losses initially extending to ¾. Falls in shorts were cut to ⅛.

● STERLING weighted depreciation opened at an all-time record 26.7 per cent., narrowing to 26.5 (26.2 on Monday). The pound lost 35 cents against the dollar at $2.2720. Dollars weighted average was 6.91 per cent. (6.86). Back Page

● GOLD rose 25c to $164½.

● WALL STREET was 4.30 lower at 830.26 near the close.

● THE GOVERNMENT has undertaken to try to exclude nationalised industry investment programmes if public expenditure cuts become necessary, the National Economic Development Council revealed. Back Page

Japanese cars 'self-quota' hint

● JAPANESE CAR industry may impose some form of self-restriction on its exports to the U.K., a senior Industry Department civil servant indicated, in evidence to a Commons sub-committee. He suggested that it would be difficult for Britain to impose a quota under GATT legislation.

● INDUSTRIAL OUTPUT in the U.K. fell between March and April almost to the depths reached during the three-day week early last year. Central Statistical Office figures show production in April running only 2½ per cent. above the average level of 1970. Page 8

● FORD'S Dagenham doorhangers will be offered a compromise formula to end their eight-week old strike to-day. Page 13

● RENAULT heavy vehicle subsidiary president M. Bernard Vernier-Palliaz has been named by the French Government to succeed M. Pierre Dreyfus as chairman of the State-owned motor group. Page 24

● MOBIL NORTH SEA oil platform, the first to be completed on time, will begin its journey to the Beryl Field on June 29 and will be producing oil by the end of the year. Page 11

● LAND SECURITIES Investment Trust, Britain's largest property company and owner of many Central London offices, has cut the value of its property portfolio by nearly 25 per cent., from £1.061bn. to £805m. Back Page and Lex; Results, Page 23

● REDLAND, which is to make a one-for-seven rights issue at 67p to raise £7.5m., reports that pre-tax profits in the year to March 31 fell 21 per cent. to £19.06m. Page 23 and Lex

IEF PRICE CHANGES

ices in pence unless otherwise indicated.)

RISES

. & Com. Shipping	161	+ 8
own Secs.	25	+ 6
ts Patons	49	+ 4
dee Crematorium	190	+ 15
I	176	+ 4
tleman (B.)	50	+ 6
Portland Estates	214	+ 7
rgreaves Grp.	38	+ 4
lemere Estates	216	+ 6
d Securities	181	+ 10
g John Intl.	172	+ 4
vell (G. F.)	18	+ 9
yburn Engineering	204	+ 9
s. Murchison	730	+ 55
rmony	785	+ 15
Platinums	226	+ 8
an Cons. Mines	300	+ 20

FALLS

Bank of Scotland	255	− 5
Bowater	165	− 5
Bats	323	− 7
British Homes Stores	330	− 5
Comet Radiovision	38	− 4
Commercial Union	174	− 5
Eagle Star	124	− 5
Francis Inds.	23½	− 3½
Glaxo "New"	pm165	− 9
GKN	241	− 5
Johnson Matthey	273	− 10
Lloyds Banks	255	− 5
Reed Intl.	240	− 7
Sheffield Twist	88	− 6
Spink and Son	107	− 10
Tate and Lyle	249	− 6
Unilever	378	− 6
UDS Group	99	− 4
Wedgwood	166	− 7
Marievale	430	− 20
Poseidon	370	− 40
Selection Trust	640	− 20
Western Mining	157	− 13

Engineers throw out social contract

BY JOHN WYLES IN HASTINGS

THE Amalgamated Union of Engineering Workers yesterday inflicted a crippling blow to Government hopes of a fresh TUC initiative to curb the level of pay rises when the union's annual conference registered its total opposition to the existing social contract and to any possible tightening up of the pay guidelines.

Left-wing delegates were toasting a victory last night which marks the AUEW as the first major union to abandon any semblance of support for the social contract.

At the end of a day-long debate featuring 41 speeches on the pay policy, Mr. Hugh Scanlon, the AUEW president, summed on the conference decision—taken by a four-to-three majority—as constitutionally binding the union "to oppose the social contract in its existing or any modified form."

This rebellion against TUC policy light a fuse which may set up a chain of reactions over the next few weeks. First impact may well be felt this evening when CBI and TUC leaders start talks on possible ways of curbing inflation.

These discussions will be seriously undermined by the blunt opposition of Britain's second largest union to any form of incomes policy.

Mr. Scanlon, who is entitled to attend these talks as a senior member of the TUC's economic committee, was locked in discussions with his national executive late last night about whether he should go to this meeting.

Beforehand, he said he did not think the executive would try to stop him talking to the CBI or the Government, but obviously he would have to express the policy laid down yesterday.

AUEW line will be equally damaging to the moves within the TUC to propose changes in the pay guidelines. Mr. Scanlon and his three AUEW colleagues on the TUC general council, Mr. John Boyd, Mr. Len Edmondson and Mr. Ken Gill, will now lead the opposition at next week's General Council meeting to current proposals for possible flat rate pay limits and to the idea of pegging pay rises behind a falling price rate.

Even if proposals for tightening the guidelines finally do emerge, their credibility will be severely dented by the AUEW's opposition which is almost certain to gather support from other Left-wing unions at the TUC Congress in September.

But Mr. Scanlon himself refused to judge whether his union had increased the possibility of a statutory pay policy. Yesterday's decision was a personal defeat for the AUEW president who had argued on Monday, and repeated his case yesterday, that the union should be "pragmatice" and support the existing social contract while standing firm against any change in the guidelines.

But this argument met with blank resistance from a coalition of Communist Party members and Left-wing Labour party members who mustered a majority of the 69 delegates who are all rank and file shop stewards.

Communist Party members such as Mr. Gill, general secretary of the AUEW's technical and supervisory section, and Mr. Jimmy Reid, the Upper Clyde Shipbuilders show steward, argued that in the midst of a "crisis of capitalism," the Labour Government was preparing traditional "Right-wing" policies aimed at cutting workers' living standards.

Other Left-wingers took the more traditional union line that with inflation rising they could not accept any restraint on their responsibilities for maintaining the standard of living of their members.

Altogether, 39 delegates voted in favour and 28 against a strongly ideological resolution recognising "the serious implication" of the social contract "as an interference in free collective bargaining."

It reaffirmed the AUEW's opposition to any incomes policy "having as its aim wage restriction through interference from any source" and went on to state that the social ownership of the means of production, distribution and exchange were a necessary precondition for a planned policy on wages and salaries.

Though the debate was often tetchy and highlighted the political division running from the top to the bottom of the union, the result was to some extent a foregone conclusion.

This was because the predictable Left-wing strength was added to by the seven delegates from the AUEW's foundry section, who often hold the balance of power between Left and Right at this conference.

None of the foundry delegates chose to defy the anti-social contract line taken by their section's annual conference last month.

The Government may well be concerned that Mr. Scanlon failed to win support from the Labour Party members to carry a motion, defeated by 39 votes to 30, instructing the union to support the Labour Government and to observe the social contract in its existing form.

But few delegates thought that Mr. Scanlon had fought as hard as possible for his view that, with "people in the wings hoping to see this Government in difficulties," support for the present social contract was tactically the best price to pay for resistance to moves to revise the guidelines in a way "that envisages a deterioration rather than a maintainance of living standards."

Mr. John Boyd, the newly-elected general secretary of the AUEW, further underlined the disunity at the top of the union by arguing that a majority of its members were clearly in favour of the social contract.

When Mr. John Weakley rose to speak several left wingers ostentatiously read newspapers in an obvious protest at the High Court case last week which set aside his disqualification as a delegate to the conference.

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Editorial Comment Page 18

Wilson hint of softer line on disclosure

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A COMMENT made by Mr. Wilson yesterday on the controversial Industry Bill was taken by the Commons as a broad hint that proposed powers on the compulsory disclosure of information are likely to be modified.

However, after a one and a half hour meeting between Mr. Wilson and a Confederation of British Industry delegation, it became clear that the Government has still to settle the exact nature of the changes.

Asked in the Commons by Mr. Eric Heffer, the former Minister of State for Industry, for an assurance that, after the meeting with the CBI, no amendments would be tabled to the Bill apart from those already agreed in the standing committee, Mr. Wilson said:

"The Bill and the implementation of it will be in full accord with the manifesto and the White Paper, and where there can be agreement through voluntary policy rather than through a statute, this is something to be desired."

The Prime Minister's emphasis on the word "voluntary" and on the contents of the White Paper rather than the Bill itself led MPs to assume that Ministers are willing to accept the CBI criticism about the Bill's insistence on the compulsory disclosure of company information.

Problems

Sir Ralph Bateman, the CBI president, emerged from the meeting with Mr. Wilson and Mr. Eric Varley, the new Secretary for Industry, to say: "They would like to solveo ur problems if they can because they need the confidence of industry. But there are problems."

He would not be drawn into discussing these problems, but he obviously has in mind Mr. Wilson's desire not to upset the Left wing of the Labour Party any further, particularly as some MPs were annoyed by the removal of Mr. Anthony Wedgwood Benn as secretary for Industry in the post-referendum reshuffle.

They insisted that Mr. Wilson had yielded to CBI pressure in making that move.

The CBI is to meet Mr. Varley again within the next few days—as soon as he can find time. Yesterday's meeting dealt with the broad outline of the changes the confederation would like to see. At the meeting with Mr. Varley it will be possible to go into the finer details.

Sir Ralph said that last night's talks produced "no commitment on either side."

Opposed

Mr. Wilson could not be expected to give any indication of possible changes to the Bill until he had seen the TUC about it to-day.

The CBI delegation made a number of broad points yesterday. The confederation remains absolutely opposed to the idea that the Secretary of State for Industry should have powers to force disclosure of information from companies.

The White Paper linked disclosure to planning agreements — and companies would enter those voluntarily.

The CBI also believes that the Bill gives the Industry Secretary extremely wide powers and it feels he ought to be more accountable to Parliament.

Manual workers reject ICI 26%—7,000 walk out

BY CHRISTIAN TYLER, LABOUR STAFF

THE LINES were drawn for a major pay battle in the private sector yesterday when manual workers' unions rejected Imperial Chemical Industries' company-wide wage offer of 26 per cent. and 7,000 men walked out of ICI's biggest chemical plant.

ICI, one of the country's biggest private sector employers, was told by leaders of eight unions representing its 57,000 manual workers that they were looking for an improvement on the £10-£13.75 a week offered by the company three weeks ago. The unions' original claim was for rises averaging 55 per cent.

At the same time, 7,000 production workers walked out of ICI's big petro-chemical complex at Wilton on Teesside, joining 4,000 craftsmen already on strike at Wilton and the nearby Billingham plant.

Some of the Wilton processes were shut down and others cut back. Wilton, which manufactures ethylene used in most plastics and man-made fibres, is the major supplier of feedstock to other ICI divisions.

A strike by 250 craftsmen at ICI's fibres plant in Doncaster brought production to a halt and a warning by the company to the 2,000 employees yesterday that wages would be stopped from next Monday.

A handful of craftsmen are on strike at a third plant, at Trafford Park, Manchester.

The wave of industrial trouble at ICI—unknown for many years—represents local expressions of protest at the company's offer, feelings which have now been conveyed to senior management by union negotiators following soundings at all ICI branches.

Separate

In a parallel development yesterday, union leaders told the Chemical Industries Association that its separate 23 per cent. new money offer to 60,000 manual workers in member-companies had also been rejected.

Further talks are being sought on the offer, which applies only to national minimum rates and is worth a total of 35 per cent. when some existing plant-level payments are added in as proposed by the association.

Yesterday's walk-out at Wilton was due largely to the company's decision to stop the pay of 100 lorry drivers, members of the Transport and General Workers Union, who had refused to cross picket lines set up by the craftsmen already on strike.

The 7,000 production workers had last wek-end rejected their shop stewards' call for a strike over the pay offer, imposing an overtime ban instead. An overtime ban by production workers at Billingham was continuing.

An ICI spokesman said the drivers' refusal to move materials in and out of Wilton had made it extremely difficult to keep plants working.

Mr. Len Edmondson, executive meber of the Engineering Workers, and spokesman for ICI craft unions, was meeting ICI managers in London last night. He was accompanied by Mr. John Miller, a national secretary of the Transport Workers, and secretary of the union side.

These were private talks to discuss the spate of unofficial strike action.

The manual workers are mainly represented by the Transport and General Workers Union, which at official level has been trying to keep the Wilton men at work, and by the General and Municipal Workers Union.

Last night, Mr. David Warburton, a national officer of the GMWU, defended the union's apparent intention to break through the social contract wage guidelines with their demand for an increase on the 26 per cent. offer, which matches the present rate of price inflation.

Italian political parties meet to assess Left-wing gains

BY ANTHONY ROBINSON ROME, June 17.

ITALY'S political parties now face an urgent need to reassess the entire political situation, following the unexpectedly large Left-wing and particularly Communist gains in the local and regional elections.

Christian Democrat Party secretary, Sig. Fanfani has called a meeting of his party's central committee on Thursday, and the other parties are also meeting later this week.

Final results from the Italian regional and local elections fully confirmed yesterday's early trends. The Communist Party has gained 5.5 points and the Christian Democrats have lost 2.6 points to narrow the gap between Italy's two major parties to a mere 2 per cent. compared with 10 per cent. at the last regional elections five years ago. The Left-wing parties overall increased their share of the poll to 47 per cent. compared with 41 per cent. five years ago and the Communist Party has become the largest single party in practically all major Italian cities with the exception of Bari and other minor towns in the south.

The results of the provincial and communal elections, where counting started to-day, also show a similar marked swing to the Left, which will result in a substantial increase in the number of Communist and Socialist local councillors and mayors.

In regional terms the three existing "red regions" of Emilia Romagna, Tuscany and Umbria have been confirmed with increased majorities, while in the marginal region of Liguria, Communist and Socialist gains make it possible to form a fourth "red region."

Even in the regions where the political balance remains unchanged, the increase in Left-wing votes signifies a considerable increase in seats and hence voting strength.

The Italian Bourses reacted with widespread and heavy losses in share prices to the unexpectedly large Left-wing advance. But the limited size of the Italian Bourses and their highly speculative nature diminishes the overall significance of this reaction.

More significant is the Bank of Italy's report that the lira did not come under pressure to-day although the trade-weighted devaluation index did rise marginally to 20.82 per cent. from 20.76 per cent. yesterday. Forward lira also weakened slightly, but the central bank attributes this mainly to new regulations under which Italian banks have been authorised to contract foreign debts again after having been banned from this since July last year.

Ironically the measures taken over the last 18 months to reduce the balance of payments deficit and strengthen the lira, which have been strongly criticised by the Left-wing parties for their recessionary effect on the domestic economic situation, should now prove a important factor in facilitating a reasoned international response to the changes in the Italian political situation.

Prime Minister Sig. Aldo Moro has not yet made any official statement, but the general feeling in political cideles here is that the government will be asked to soldier on until the Autumn if possible. This will give the parties time to make a more detailed assessment and sound out the possibilities of forming another centre left coalition before allowing the present government to fall.

The local election results confirm the continued existence of a numerical maojrity for a four-party centre-Left coalition. But working out an agreement between the Socialists and Christian Democrat parties is likely to prove extremely difficult. The Community, which have seen their relative strength increased both by their own gains and the losses of the CD party and the Social Democrats, are sure to pose tough conditions.

Editorial Comment, Page 18
Italy's left turn, Page 19

£ in New York

—	June 16	Previous
Spot	$2.2720-2.2730	$2.2825-2835
1 month	0.74-0.69 dis	0.90-0.80 dis
3 months	2.66-2.61 dis	2.85-2.75 dis
12 months	10.80-10.70 dis	11.15-11.05 dis

ON OTHER PAGES

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FEATURES

LOMBARD

Savers need a real guardian

BY C. GORDON TETHER

IT IS extremely disappointing to find the new leader of the National Savings Movement, Sir John Anstey, actually campaigning against the spread of "financial indexation" on the basis of that tired old thesis that it means "a complacent admission of defeat in the counter-inflationary war." Indeed, remembering that such index-linking concessions to social justice as the Government has made in the National Savings field are manifestly grossly inadequate, it surely clinches the argument for setting up a truly independent organisation that would be capable of defending the interests of the ordinary saver in a meaningful sense in his losing battle with officialdom.

The latest halving of the purchasing power of the £ has taken a bare nine years to complete—which is just about half the time the previous one had required. On present indications, the next one will take materially less than four years.

This devilish "progression" has been achieved without any significant help at all from "complacent admissions of defeat in the counter-inflationary war" in the shape of the introduction of index-linking arrangments. It is only during the last year or so that this innovation has attracted any attention to speak of at all; and then only because it had become a matter of sheer necessity to start looking in all possible directions for relief from the worst ravages of near runaway inflation.

Defeated

Remembering that, all the time this doleful process has been rolling forward, Ministers of successive Governments have been proclaiming their determination to stamp out inflation—to treat this cause, indeed, as a top priority — one thing is crystal clear. It is that we have been defeated by inflation, whether we care to admit it or not, and will continue to be defeated by it for as far ahead as we can see.

Does anyone seriously believe, in the light of all this, that the part that complacency is playing in discouraging our rulers from making the long-needed all-out assault on the inflation menace is going to be significantly increased by the spread of index-linking—so much so that savers should be denied any further relief from the gross injustice it is inflicting on them by depriving them of the money they have put aside for retirement and the rainy day?

And it is the case that, at its present anual rate of 25 per cent., the fall in the value of money is costing those holding savings in the National Savings Movement and building societies alone something like £6bn. per annum in permanently lost purchasing power—equivalent to a sum of £400 per annum for the average family unit.

Surely, if the spread of indexation has any influence at all on the attitude to inflation of those occupying the corridors of power, it will be to make them less complacent. For one thing, as it gets into its stride, it will provide a constant mirror of the extent to which they are not fulfilling their duty to stabilise money. For another, once the State has to compensate the public for the loss of capital value caused by inflation, it will have less of a vested interest than it has now in allowing it to roll on.

As I said at the start, if the National Savings Movement sees itself as being concerned with looking after the interests of the community as a whole rather than those of the Government, its proper role is to call, not for the halting of the provision of index-linking facilities in its field, but for their further extension.

After all, the protection afforded by the index-linking arrangements recently introduced in the National Savings field are of a decidedly limited character. They are restricted to a £500 facility for those who have reached retirement age and a £20 per month saving over five years to others — which comes to £1,200. Bearing in mind how much it costs to keep body and soul together at the present level of prices, how far will this go to give people the feeling that provision for old age and the rainy day is now adequately assured against the ravages of inflation?

Vulnerable

All the money accumulated in National Savings up till now remains as vulnerable as ever to the ravages of inflation. And it is significant that, even in respect of these limited new index-linked facilities, the Government is exacting a high price for the insurance of the capital in the shape of a refusal to pay any interest worth talking about. Having deprived the citizen of his right to the stability of his money, it is actually exploiting that situation to make him pay to get it back again.

It is with these wrongs that the National Savings Movement should be concerning itself. And if it is not going to do so, the saving public should entrust the task to a body that is both willing and capable of doing that.

SALEROOM BY ANTONY THORNCROFT

Rare ewer tops exciting day

EXCITEMENT all the way marked the London salerooms yesterday, but pride of place must go to Sotheby's, where a rare Saint-Porchaire ewer, made in France in the mid-sixteenth century, was sold to Zeitz, a German dealer, for £44,000—way above the £20,000-£30,000 estimate.

The elaborately shaped ewer, 43 cm high, and intricately coloured, is one of only 64 known examples from the Saint-Porchaire workshop, most of which are in museums. Only half a dozen are ewers, and examples of this fragile ware rarely come on to the market.

This piece was acquired by Horace Walpole before 1744 and stood on the mantlepiece of his home at Strawberry Hill. It was bought by Sir Anthony de Rothschild in 1842 for 19 gns., and sold by the Rothschilds in 1948 to Colonel N. R. Colville. It was put up for sale by his executors.

There were other high prices in the Continental porcelain sale, which realised £189,113—notably a pair of Meissen bottles of about 1730 which went to the London dealer W. Williams for £20,000—in 1972 they had sold at Sotheby Park Burnett, New York, for £11,715. All told, the sale showed porcelain prices back to the high levels of last summer.

Also at Sotheby's, the second day of the disposal of the Botanical Library from the Stiftung Für Botanik in Liechtenstein made £99,061, with a highest price of £21,000 (estimate £12,000-£15,000) for Duhamel du Monceau's *Traite des Arbres et Arbustes*—perhaps presented by Napoleon to the Austrian Emperor to celebrate Napoleon's marriage to his daughter, Marie Louise.

Finally at Sotheby's the last two lots in the William Goodwin Renwick collection of firearms were disposed of, making a total of £1,370,985. An American collector bid £28,000 over the telephone for a pair of 17th-century French waterproof pistols, made by Pierre Bergier for Louis XIV when he was Dauphin.

At Christie's, a new record price was established for a watercolour by Richard Parkes Bonington, the early 19th century artist who died at the age of 26.

The picture, of Le Pont Royal, in Paris, was sold to the London dealer, Baskett and Day, for £11,550, double the estimate, and comfortably above the previous record for a Bonington watercolour of £7,350, established at Christie's in 1972.

The sale of English watercolours and drawings went very well, except for some landscapes by Gainsborough which failed to sell. Among the leading works, three drawings by Hogarth sold for £3,990, £3,150 and £2,940 respectively, prices roughly in line with forecasts, while a pair of watercolours by Rossetti, sold by the late Dowager Lady Loch and originally produced for her grandmother Lady Ashburton, exceeded their estimate, at £3,675.

Phillips for the first time devoted an entire sale to the picture post card yesterday. In all, 250,000 cards were sold for a total of £6,203, twice the estimate.

In 1894, the picture post card appeared, and a few years later a side was devoted solely to the picture. In 1904, at the height of the postcard boom, 630m. were posted in the U.K. alone.

Sample prices yesterday ranged from an average of 40p each for early Donald McGill seaside funnies to £6 for Raphael Kirchner art nouveau beauties of the 1920s. Top price was £620, for an album of 204 art nouveau cards containing work by Mucha and Kirchner. Seventy-five Edwardian pin-ups went for £40.

RACING BY DOMINIC WIGAN

Irish afternoon likely at Ascot

THE FORMIDABLE 40-strong Irish team raiding Royal Ascot, took little time getting off the mark yesterday with Imperial March touching off Deerslayer in the opener, the Queen Ann Stakes. To-day the Irish may well have their most profitable afternoon of the week, for *Gay Fandango, Lace Curtain Lil, Highest Trump* and *Blood Royal* can all oblige.

The first probable winner for the Irish is the once-raced Gay Fandango, bidding to give Vincent O'Brien and Lester Piggott another winner in the opening event, the Jersey Stakes (2.30). This chestnut son of Forli ran an outstanding race for a newcomer, when making rapid late headway to take fourth place behind Grundy in the Irish 2,000 Guineas a month ago: and although this seven furlongs will be on the sharp side for him, I expect the Forli colt to outclass his 13 opponents.

Thirty-five minutes later Ireland's much-vaunted Lace Curtain Lil, a filly by Whistling Wind out of Windfield Lily, seems certain to go to post at cramped odds for the Queen Mary stakes, and I cannot visualise her failing. Johnny Roe's mount produced a remarkable burst of speed to land the Marble Hill stakes at the Curragh four weeks ago after being boxed in below the distance, and she does not appear to have a strong field to beat.

The once-raced Hayloft, a bay filly by Tudor Melody out of that high-class mile-and-a-quarter filly, Haymaking, did well to dispose of Blue Raffles at Salisbury early this month, and a reproduction of that running could well see her chasing Lace Curtain Lil home.

A second probable winner for Roe is Dermot Weld's course winner, Highest Trump, in the afternoon's most valuable event, the Coronation Stakes (4.20). One of last season's best juvenile fillies, Highest Trump was far from disgraced on her reappearance this term, when finishing third of 11 to Miralla in the Irish 1,000 Guineas on May 16. With the benefit of that run behind her, Weld's filly, who landed the Queen Mary stakes on the corresponding day in 1974, should prove too good for Dazzling Light, an impressive winner of Epsom's Ebbisham Stakes ten days ago.

Blood Royal, who was the subject of widespread rumours last spring concerning his reported superiority to such as Apalachee and Cellini in the O'Brien string, found no difficulty in opening his account at the first time of asking, at the Curragh in September, beating the smart Sleipnir by four lengths. Provided that he can get the two miles of the Queen's Vase (4.55), Blood Royal should not fail.

In the Royal Hunt Cup (3.45) an each way interest in the lightly weighted *Il Magnifico* is suggested with more hope than confidence; while that high class filly, *Calaba*, is another tentative choice for the Bessborough Handicap (5.30).

ROYAL ASCOT
2.30—Gay Fandango*
3.45—Il Magnifico
4.55—Blood Royal
3.05—Lace Curtain Lil**
4.20—Highest Trump***
5.30—Calaba

GARDENS TO-DAY

New guide to indoor plants

BY ROBIN LANE FOX

GARDENING, I am often telling you, is most enjoyable when you are growing new and unfamiliar plants, but if you do not know where to find the best behind those inscrutable Latin names, there are three options open to you, assuming that your sense of adventure does not die away for the sake of a little effort and ingenuity.

You can trust the choice of a nurseryman or, more dubiously, his catalogue whose function, after all, is to persuade you to buy its contents.

Uninformative

If you think that that is an unworthy comment, wait until next autumn's bulb catalogues arrive and then ask yourself whether the captions which advertise variety after variety of daffodil and tulip are not the most uninformative and indistinct of all attempts at marketing, granted that the new "easier-to-pay" slogan for higher bus fares is not a marketing device and that you would go a very long way not to take a train to the beach-girl at the end of the new rail-shrinking away-day tickets, at least until she decides to put a bra on under her dreary summer sweater.

If you do not wish to trust a nurseryman, not that the most experienced are not the most generous and wise advisers in the game, you can visit other people's gardens and make allowances for their staff of three gardeners supported by your entrance fee. Otherwise, you can fall back on books of photographs.

The latter are obviously not straightforward witnesses. The photographer will show a plant more as it ought to be than as it really is. Those which look most attractive will not necessarily grow or reproduce themselves so faithfully in a flower-bed. But I cannot resist a fine colour photograph and as I owe some of my most enjoyable discoveries among garden plants to the publicity of their expert photographers. I must bring to your notice the latest in fine colour photographs of flowers.

The Dictionary of Garden Plants in colour, produced so cheaply by Michael Joseph and edited by Roy Hay and Patrick Synge some seven years ago, is no doubt known to you as the most exciting collection of plant photographs with which to win a new convert to gardening. Incredibly, it still costs a mere £4.

If the subsequent Dictionary of Roses could only illustrate for the most part the sad preference of modern rose-breeders for fat and inelegant varieties of the most tasteless carmine, scarlet and orange, the new Dictionary of Indoor Plants (£6 for no less than 506 colour photographs) is a delight from cover to cover.

The board of editors, from Roy Hay to George Kalmbacker of the bromeliads in the Brooklyn Botanic Garden, has picked the best indoor plants and written a brief description which is as informative as a brief description could reasonably be.

New wishes

I would not suggest that they can teach you in this book alone how to grow good Schizanthus or to please the King Protea, a spectacular greenhouse shrub listed here with its absurd alternative name of the Honeypot Sugarbush. But they will leave you with a hundred new wishes and wants for your greenhouse, not all of them unrealisable or too expensive to acquire and maintain.

They also illustrate best the plants I like most. You could plant up a very pleasant garden indeed by choosing only the plants to which the Dictionary of Garden Plants did not do photographic justice. But if you have sighed recently as I have referred to unknown names like Mandevilla, Tibouchina or Lapageria and wondered how to share an enthusiasm for greenhouse flowers which can only be said to be "indescribably" beautiful, this new Dictionary will quicken your interest.

Maybe you cannot smell the Mandevilla, so I will have to continue to call its scent indescribably jasmine-like, but one glance at the full-page photo of Lapageria should at least send you in search of this glorious climber, slightly over-coloured in its photograph but very romantic for its link with Napoleon's lady Josephine, a point which the Dictionary [illegible] stoop to mention, or [illegible] to realise.

One of the very [illegible] about the book is its [illegible] of the annuals suited [illegible] greenhouse as well as [illegible] expensive orchids and [illegible] have never grown a [illegible] culent, though there [illegible] fine pictures of Bryophyllum Kalanchoe here. But I [illegible] and like the annual [illegible] Thunbergia Alata, [illegible] Black Eyed Susan, whose orange flowers are marked [illegible] dark brown spot: this [illegible] itself to be trained to [illegible] of eight or ten feet if [illegible] spring and grown on [illegible] becoming too hot or too [illegible] by direct sun during the [illegible]

Or there is Torenia, [illegible] seed is offered by [illegible] Chester with the charming [illegible] lish name of Wishbone [illegible] Now, I only got round to [illegible] this for one year, but [illegible] graph here makes me [illegible] repeat the effort. Flowers lilac blue and tubular, [illegible] inside with yellow, but [illegible] not need my description [illegible] rise to a copy of the [illegible] in order to be convinced.

You might, however, [illegible] the extraordinary [illegible] Plant, or Cuphea Platycentra, it is listed here. This [illegible] annual (seed from [illegible] and Morgan, Ipswich) [illegible] be enjoyed by garden [illegible] the front of the red [illegible] the National Trust [illegible] Hidcote in Gloucestershire.

A pretty annual

It is easily repeated [illegible] Its thin tubular red [illegible] like an imitation cigarette [illegible] as if already glowing [illegible] to attract a child to [illegible] The darker tip to the [illegible] could be the ash, at [illegible] a distance. You will [illegible] not believe this, and [illegible] tionary's photograph [illegible] altogether persuade [illegible] believe my word [illegible] Cuphea is a most [illegible] pretty annual for a [illegible] or summer border. [illegible] graph can cut out [illegible] times, but there are [illegible] occasions when a [illegible] column has its [illegible] uses.

Cigarette-filter company plans redundancies

BY OUR NEWCASTLE CORRESPONDENT

CIGARETTE COMPONENTS was yesterday consulting unions over plans for redundancies among the 1,600 workers at its Jarrow factory, which makes filter tips.

The firm, which put workers on a four-day week a month ago, said that reductions in the number of employees in supervisory, administrative and process jobs would be necessary.

A redundancy figure of about 200-300 has been suggested.

Cigarette Components had originally hoped that short-time working would be only temporary but in a statement yesterday they said: "Our customers have now informed us there is unlikely to be a [illegible] increase in demand [illegible] rods over and above the depressed level during [illegible] six months.

"The situation is due [illegible] to the cigarette price [illegible] at Budget time and partly [illegible] present Government anti-[illegible] campaign."

TV/Radio

BBC 1

† Indicates programme in black and white.

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 11.20 Cricket: Prudential Cup semi-finals. †11.40 For Schools, Colleges. 12.00 Cricket: Prudential Cup semi-finals. 1.30 p.m. Fingerbobs. 1.45 News. †2.02 For Schools, Colleges. 2.40 Cricket: Prudential Cup semi-finals. †3.58 Regional News (except London). 4.00 Play School. 4.25 Wacky Races. 4.35 Jackanory. 4.50 7-Shed. 5.15 Yao, African Prince. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.35 The Wednesday Film: "Fury At Smugglers' Bay," starring Peter Cushing.
8.10 Survivors.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.05 News.
9.30 Only on Sunday.
10.00 André Previn's Music Night.
10.50 Cricket: Prudential Cup highlights.
†11.30 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—11.40 a.m.-12.00 Let's Look at Wales. 5.15-5.35 p.m. Maldwynaldwyn. 5.35-5.40 Crystal Tipps and Alistair. 6.00-6.35 Wales To-day. 6.35-7.10 Heddiw. 7.10-7.40 One Man and his Dog. 7.40-8.10 Whatever Happened to the Likely Lads? †11.30 News of Wales.

Scotland—6.00-6.35 p.m. Reporting Scotland. †11.30 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.35 Scene Around Six. †11.30 Northern Ireland News Headlines.

England—6.00-6.35 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
11.25 Cricket: Prudential Cup semi-finals.
1.40 p.m. Cricket: Prudential Cup semi-finals.
4.30 Cricket: Prudential Cup.
7.30 Newsday.
7.45 Rugby Special: New Zealand v. Scotland.
8.10 The Ascent of Man.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.05 The Poisoning of Charles Bravo.
10.20 Wimbledon '75: The Players, the Prospects.
10.50 Don't Quote Me.
11.15 News Extra.
11.34 Closedown: William Squire reads "Inexpensive Progress" by Sir John Betjeman.

LONDON

9.30 a.m. Schools Programmes. 12.00 Mr. Trimble. 12.15 p.m. The Adventures of Rupert Bear. 12.30 Mr. and Mrs. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 The Amazing World of Kreskin. 2.00 Good Afternoon. 2.30 Show Jumping from the Lincolnshire Show. 4.25 Baldmoney, Sneezewort, Dodder and Cloudberry. 4.50 You Must Be Joking! 5.20 The Brady Bunch.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 . . . And Mother Makes Five
8.30 Marcus Welby, MD.
9.30 The World of Television.
10.00 Party Political Broadcast on behalf of the Conservative Party.
10.05 News.
10.35 Special Branch.
11.25 Wrestling.
12.15 a.m. Stranger in the City.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 1.30 Showcase. 2.00 Houseparty. 5.20 Lassie. 6.00 About Anglia. 8.30 The Zoo Gang. 10.35 Wrestling. 11.30 Your Music at Night.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 1.30 Show It Again. 5.20 ATV Today including Junior Police Five. 6.00 ATV Today. 8.30 Kung Fu. 10.35 Wrestling. 11.20 Morris Stuart.

BORDER

12.30 p.m. Bridget Loves Bernie. †1.25 Border News. 1.30 He's Not The Walking Kind. 2.00 Houseparty. 5.20 University Challenge. 6.00 Border News and Lookaround. 10.35 Wrestling. 11.20 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 1.30 Show It Again. 5.20 Elephant Boy. 6.00 Channel News. 6.10 Wait Till Your Father Gets Home. 8.30 The Streets of San Francisco. 10.00 Life in France. 10.35 Wrestling. 11.15 News and Weather in French followed by Epilogue.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 1.30 Show It Again. 2.00 Houseparty. 5.20 Dusty's Trail. 6.00 Grampian News. 6.15 The Wednesday File. 8.30 Kung Fu. 9.25 Police Newsroom. 10.35 Wrestling. 11.20 Evening Prayers.

GRANADA

1.20 p.m. This is Your Right. 1.30 The Galloping Gourmet. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Firehouse. 8.30 The Streets of San Francisco. 10.35 Mystery Movie: Hawkins On Murder. 12.00 Inner Space.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 A Window By The Sea. 2.00 Houseparty. 5.20 Orbit 5. 5.25 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Cuckoo in the Nest. 8.30 Police Story. 10.35 Wrestling. 11.20 Police Surgeon.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25 p.m. Miri Mawr. 4.35-4.50 Miri Mwy. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 1.30 The Protectors. 2.00 Housecall. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Chicago Teddybears. 8.30 The Collaborators. 10.35 At Your Request. 11.05 Late Call. 11.10 A Place in Europe—Greece.

SOUTHERN

12.15 p.m. The Adventures of Rupert Bear. 1.20 Southern News. 1.30 Wait Till Your Father Gets Home. 2.00 Houseparty. 5.20 Dodo. 5.25 Crossroads. 6.00 Day By Day. 8.30 The World of Television. 9.00 Hawaii Five-O. 10.35 Orson Welles Great Mysteries. 11.05 Southern News Extra. 11.15 Movin' On.

TYNE TEES

9.25 a.m. Starting Point. 1.30 p.m. The Galloping Gourmet. 2.00 Women Only. 5.20 The Woody Woodpecker Show. 6.00 Today At Six. 8.30 Hawaii Five-O. 10.40 Boney. 11.40 Late News Extra. 11.45 Let There Be Light.

ULSTER

1.20 p.m. Ulster News Headlines. 1.30 Merrie Melodies. 4.25 Ulster News Headlines. 5.20 Survival. 6.00 Summer Reports. 8.30 The Streets of San Francisco. 10.35 Wrestling.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Show It Again. 5.20 Elephant Boy. 6.00 Westward Diary. 8.30 The Streets of San Francisco. 10.35 Wrestling. 11.15 Westward Late News. 11.18 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.30 Bygones. 5.20 Out of Town. 6.00 Calendar. 8.30 Hawaii Five-O. 10.35 The Odd Couple. 11.05 Wrestling. 12.50 Look Ahead.

RADIO 1 247m

(S) Stereophonic broadcast

4.00 a.m. As Radio 2. 7.00 Paul Burnett. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S) also on VHF. 5.00 Newsbeat. 5.15 Anne Nightingale. 7.00-12.33 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S). 6.15 Pause for Thought. 7.02 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jean Challis (S), including 12.02 p.m. and 1.02 Cricket: Prudential Cup semi-finals. 1.50 Sports Desk. 1.55 Good Listening (VHF). 2.02 Ed Stewart (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Lucky 13! 7.30 Sports Desk. 7.32 Ring-A-Song (S). 8.02 Country Club (S). 10.02 Sports Desk. 10.05 Eugene Fraser with Music Through Midnight (S) and 12.00 News. 12.31 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

‡Medium Wave only

7.00 a.m. News. 7.05 Your Midweek Choice: Janacek, Wieniawski, Sullivan (S). 8.00 News. 8.05 Your Midweek Choice part 2: Pamfilk, Ireland, Bax (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 9.45 Organ Music (S). 10.20 Chamber Concert: Rossini, Schubert (S). 11.15 Concert From North Germany: part 1: Beethoven, Chopin (S). 12.15 p.m. Interval Reading. 12.25 Concert, part 2, Stravinsky (S). 1.00 News. 1.05 Concert Hall (S). 2.05 Stravinsky: Symphonic Poem and Mavra: comic opera in one act (S). 3.00 New Records (S). 3.55 In Repertory: John Cox discusses and illustrates operas he has produced (S). 5.00 Choral Evensong. 15.45 Homeward Bound. 16.05 News. 16.10 Homeward Bound (continued). 16.30 Study on 3. 7.30 O Sir Walter: catches and part songs of the tavern by Purcell, Ravenscroft and William Lawes (S). 8.00 Richter Plays Beethoven from the Royal Festival Hall, London (S). 8.35 The Arts Worldwide. 8.55 Recital part 2 (S). 9.45 Scientifically Speaking. 10.25 Havergal Brian and the London Philharmonic Orchestra (S). 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m., 5.45-7.30 p.m. and 12.00-12.40 a.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk. 7.35 Today's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of Today. 8.30 Yesterday in Parliament. 9.00 News. 10.05 The Living World. 19.35 Frank Muir Goes Into . . . Jealousy. 110.00 News. 110.05 In Britain Now. 110.30 Daily Service. 110.45 Morning Story. 111.00 News. 111.05 Round Britain Quiz. 111.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You And Yours. 12.27 Brain of Britain 1975. 112.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (1 from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Because the Scenery's Better. 4.35 Story Time. 5.00 PM Reports. 15.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News Desk. 7.30 It's Your Line. 8.30 The Gls. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4s International Business Report; Market Trends. 11.15 Today in Parliament. 11.45 News.

For Schools: VHF only—9.25 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.05 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.03 Young in Mind. 4.03 Sound Out. 4.32 Home Run, including London News Desk at 5.00, 6.00. 7.00 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

6.00 a.m. "AM": London's breakfast-time news show with interviews, traffic and travel service, plus sport, with Douglas Cameron and Clive Roslin. 9.30 Parliament from the Inside—LBC's morning report on the House of Commons at work. 10.30 Open Line—London talks to George Gale. 12.00 Newswatch, plus live reports from the House of Commons. 6.00 p.m. Newsbreak. 7.30 Music in Stereo. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Kenny Everett with 24 hours of music and madness. 9.00 Michael Aspel with music. Features. Advice and Swap-shop. 12.00 Cash on Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London Today. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,806

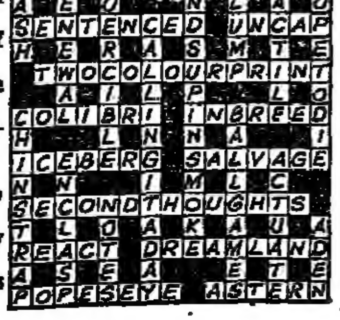
ACROSS

1 Express incorrectly has girl going to gallery (8)
5 Creature to feign death after play (6)
10 Fast time gets round slowly (5)
11 Designer engaged at Chequers we hear (9)
12 Carpet to deck with fluff (5, 4)
13 Currency with an honest sound (5)
14 Game in which to gain advantage after forty (6)
15 He swears he's a soldier (7)
18 Fool for instance to carry first class spear (7)
20 Mother and child bearing fruit (6)
22 Corn from tropic reaches holiday isle (5)
24 Rock from the seaside beaches has added quality (9)
25 Being blown about on foot (2, 3, 4)
26 Rustic piece upset half of Piccadilly (5)
27 Two counties briefly like the Sunday magazines (6)
28 Drug near to achieving splendour (8)

DOWN

1 Complaint from master to mistress (6)
2 Not conscious of being silly (9)
3 Classic example of hundreds of fowls (8, 7)
4 Boring Edward with debts (7)
6 Not working from percentage (3, 2, 10)
7 Dance with a doctor in South Africa (5)
8 Beauty treatment settled on the nail (8)
9 Customs permit for vehicle to clear (6)
16 Model paid player to use office machine (9)
17 Fishing is infectious (8)
19 Put in mind of fashionable list maybe (8)
20 Stripper could come to a rude end (7)
21 Dickensian character in better health (6)
23 Irishman one ought to court (5)

SOLUTION TO PUZZLE No. 2,805



Albery

The Gay Lord Quex

by B. A. YOUNG

The plot creaks a bit as it goes into action, no doubt of that. But once it gets going it swings along happily, each little climax followed by a sudden counter-climax as if Pinero had cunningly decided to switch our sympathies a different way. There are moments when people are hopping in and out through windows that make us think of the farces of the previous decade; but the best scenes, such as the confrontation between Quex and the manicurist Sophy Fullgarny in Act 3, are true descendents—*mutatis mutandis*—of Restoration comedy.

The Marquess of Quex, a 48-year-old roué, is engaged to pretty young Muriel Eden. The match displeases Sophy, not only because Quex is too wicked to marry Muriel, who is her foster-sister, but also because Muriel is having a clandestine affair with a lovely young officer, Napier Bastling; so she decides to disgrace Quex by *contriving* to have him discovered in some naughty infidelity in spite of his pretended reform. The handiest third party is Quex's former mistress the Duchess of Strood, but if this manoeuvre won't work, no doubt some other manoeuvre will.

This simple *story* is embroidered with as many false trails as the maze in Hampton Court, and set among an abundance of pretty supporting characters—there are 20 in the cast of this production, the latest in the now-established tradition at this theatre of lavishly-mounted revivals. They range from the aged Countess of Owbridge, played by Hilda Barry with the most convincing Victorian accent of the lot, to the girls and the unnamed customers at Miss Fullgarny's manicure establishment, which is used by the aristocracy like a hotel in a Feydeau piece.

Judi Dench's Sophy is the hinge on which the whole thing turns—as ubiquitous as a maidservant from Molière, as intimate with her betters as she is with her equals. It is an entrancing performance, as she faces up to Daniel Massey's big bearded Quex like an angry King Charles spaniel, meets Sian Phillips's impenetrably polished Duchess *point for point*, *lets her* hair down to show her Cockney origin with her equally Cockney fiancé Mr. Valma, the fashionable palmist. Sophy is, certainly by the standards of 1899, a wicked young woman; but Miss Dench ensures that we are on her side whatever she is doing, and she is never wicked except in a good cause.

Miss Phillips is the very pattern of a dramatic aristocrat of the time, wearing Beatrice Dawson's beautiful clothes as if they were the height of to-day's fashion, moving her arms with the grace of an amorous octopus. What a thrill it must have bean at the turn of the century as she and Mrs. Jack (Margaret Ward) smoked cigarettes together in her bedroom! "These are awfully *pleasant cigawettes!*" No doubt the words fell with as much shock then as if they had been opium: to do shocking things and make them pretty is the special privilege of stage gentility.

Daniel Massey shows nothing of the roué in his smooth courtesies, but when you come to think of it he does little in the play to justify his reputation *for naughtiness. When he is* driven to naughtiness by circumstances, he maintains his well-bred amiability. His rival the Captain seems deceptively boyish and innocent in Robin Sachs's performance, and Frank Wylie as Quex's malaria-ridden confidante is kept firmly in the background. Richard Denning's comic Valma plays tricks with his accents which I think can't always be justified.

In Alan Tagg's three resplendent sets and Miss Dawson's beautiful dresses, the whole thing is a bath of luxury well calculated to keep our minds off the austerities of our age for a couple of hours. The production is by John Gielgud.

Aldeburgh Festival

Plomer celebration

by MAX LOPPERT

A truly festive Festival event was Sunday evening in the Jubilee Hall, spent with the *writings of the late William* Plomer. Aldeburgh has good reason to remember fondly the librettist of Britten's *Gloriana* and Church Parables, and here did so with eloquence: Laurens van der Post, with his wonderfully gravelly South African inflections, threaded the narrative of the poet's life, in its South African, Japanese and English phases: Jill Balcon and Colin Graham amplified the sequence with readings of prose and poem; and Peter Pears and Osian Ellis gave some Plomer-worded Britten.

To a compatriot of Plomer's and van der Post's, the most striking feature of the evening was the way in which the South African author of that country's first-ever indigenous outburst of anger *against White iniquity*, could away from native soil transform himself into the very middling versifier of a bland collection like *Taste and Remember*. Plomer's hunt for Englishness was, as Mr. van der Post reminded us, a real inner compulsion; but a reading of "The Taste of the Fruit"—the elegy composed in 1965 on the death of two of apartheid's cruellest victims, the poet Ingrid Jonker and the writer Nat Nakasa — showed that Africa revived the passion dormant in Plomer during so many years of moderate and civilised note-taking.

Plomer was the best of Britten's librettists. *Curlew River* — three of the Madwoman's plaints from which were sung *by Mr. Pears with tone* and words distilled to the essence of refinement—was the fruit of the "painterly eye" (a van der Post Phrase) that Japan perfected in Plomer, and the new spareness it incited in Britten. Apollo and Saint Narcissus, pagan and Christian, were imaginatively contrasted by following Plomer's poems (written after Greece, and a *painful love affair*) with Britten's latest canticle. *The Death of St. Narcissus* Op. 89 (written in the poet's memory, to an early T. S. Eliot text and first given in Germany earlier this year).

The canticle, for tenor and harp, gives a first impression of dryness and containment, and also a hint of underlying depth and felicities that succeeding encounters should reveal. The opening of the poem, an early sketch for *The Waste Land*, is quietly declaimed in flowing arioso, with the enharmonic implications of G sharp and A flat to lend a concealed, implicit disquiet. A middle march-like section, in which the metamorphises of the saint are narrated, deepens the sense of minute sensitivity to the reverberations of each word, held in a vocal line of little surface flourish or delights.

A second new song-setting, Gordon Crosse's of Stevie Smith and Robert Graves entitled The *Cool Web* for tenor and piano, formed part of another typical Aldeburgh event—the clarinettist Thea King's "Artist's Choice" concert on Monday evening — which, owing to the sort of error about starting times that is the critic's nightmare, I missed. Yesterday morning's Mozart concert was plentiful compensation: A chamber-music exploration called *Mozart: Strings Two to Five* which joined BBC didacticism to Aldeburgh freshness in the person of its introducer Hans Keller. *His point that works by Mozart nominally* duos, trios, quartets and quintets, usually embrace within themselves all those combinations to the point where — a favourite Keller paradox — the terms possibly hinder the listener's appreciation.

Television

Life's varied pattern

by CHRIS DUNKLEY

Three weeks holiday in darkest Wales without even a newspaper, let alone a radio or television set, can produce some odd effects. Back in London and resuming my nightly surveillance of the screen I catch myself comparing the artificialities of urban life with the naturalness of life in the country. In my mind television becomes an exclusively urban phenomenon, and life in the country seems to consist of nothing but reading books, and observing the life cycles of the jackdaw and the starling.

Obviously I am not alone among modern city dwellers in wanting to preserve an image of country life as a timeless cyclic idyll; television itself has proved this with the success of such series as *Out of Town* or *Country Matters*. What one forgets in returning from a holiday in the country to work in the town is that the people who live and work permanently in the more remote areas of our countryside spend their lives knocking jackdaws' nests out of their chimneys, patching up the eaves which have been destroyed by starlings—and complaining long and bitterly to anyone who will listen that television reception in their area is so bad that, really, it's hardly worth even *trying* to watch *Kojak* (the ghost of which, nevertheless, they continue to watch avidly).

Ian Breach, sometime motoring correspondent of The Guardian, brought home this paradox most strongly to me on my first day back with his contribution to the BBC1 series *Choices For Tomorrow*. A year ago he moved from north London to Milburn, a village of 200 people which—photographed from the air, anyway—still looks like a mediaeval community with all its houses and other buildings facing inwards on to the village green.

The trouble, as Ian Breach said, is that the big brewery has closed down the village's last pub; there are so few children now that the family-grouped primary school is in danger of a forced amalgamation; the sewage works is not large enough adequately to handle animal refuse; the village's electricity supply from the national grid is inconsistent; and so on. Breach has a useful instinct for illustrating the general by reference to those particulars which are, as it were, his own and though he has himself moved from town to country he made it very clear that country life is not a pantheist poem by Wordsworth.

Persuaded by his programme that wherever I was I should want to be somewhere else, I started picking up the strings which I laid down such a relatively short time before. I had already discovered that I could not pick up *Six Days of Justice* at all since the series had come

Timothy West and Helen Ryan in 'Edward The Seventh' (ATV)

to an end and been replaced by another series of Granada's *Sam*, which writer John Finch has now moved into the 1950s.

Short of staying in its original period, there was nothing else that could happen, of course, and I am quite sure that the '50s are the up-and-coming decade (not only in terms of television drama, but for furnishings and clothes: '50s pop songs are already back in fashion). Nevertheless, this episode suggested that the series has lost its most valuable asset, which was authenticity—or the *impression of* authenticity.

I was never very happy even about the first series, but now, in losing that authenticity Finch seems to have mislaid everything else that counted. There is an increased tendency for the dialogue to sound stilted: "I've felt a primitive need for vengeance ever since it 'appened"; and whereas television fiction was knitted into historical fact for the first series with quite a lot of mutual benefit, the references last week to CND, and comprehensive schools and "Never had it so good" simply sounded contrived.

Another string I managed to pick up on the same night was that of *Churchill's People* which seems to have been running on BBC-1 almost as long as *Come Dancing*, though it is actually only 25 weeks, which means that there is now only one week to go, and then we can all lay this particular string down for good (many of us with a sigh of relief I imagine). Last week's episode by Julian Bond about the Spithead Mutiny was one of the best I have seen, with performances from Edward Fox and Philip Madoc which were both well worth watching.

Next night I discovered that Sidney Weighell wasn't the only one who was saying precisely the same things when I returned from Wales as he had been saying for weeks before I left: Queen Victoria was just as persistent in ATV's *Edward the Seventh*. Though Bertie was well into middle age he was still prevented by his mama from taking any significant part in affairs of state: it has taken her death and his coronation to alter that situation, and I suspect that I have missed three of Timothy West's best episodes as the Prince of Wales. Perhaps the enormous and deserved success of the series will persuade ITV, for once, to run a repeat.

Considering that *Survivors* was originated by Terry Nation who invented the Daleks, and who has *written for such rapid moving* series as *The Saint* and *The Avengers*, I find the characters in BBC-1's serial a remarkably slow moving and uninspiring lot. Anyone who watched the early episodes and saw the nasty plutocratic lady leaving the injured man for dead in the quarry will have been anything but surprised by the turn events took last week. Permitting M. K. Jeeves to spin out the discovery of his survival into an entire 50-minute episode was sheer laxity on someone's part: producer Terence Dudley?

The series has lost what momentum it achieved as an adventure story in the first few episodes without gaining any insights into the likely behaviour of the small population of mankind existing post-holocaust. There must surely be something wrong with a series in this category if it is possible to miss three episodes and then pick up the strings again with no trouble at all.

There was no difficulty about discovering where television's social conscience had been during my absence: it reappeared on cue in Granada's *World In Action*, Thames's *This Week* and BBC1's *Midweek*. *WIA* showed us homosexuals in Newport Pagnell "coming out" and if that appears to have all the constituents of an *involved joke*, forget it because it will be another four or five years before we are allowed to resume making as many jokes about homosexuals as about heterosexuals: for the moment homosexuals are definitely more equal than anybody else.

This Week showed Jonathan Dimbleby investigating the slums of Glasgow, showing that it was not lack of understanding that *perpetuated them so much as* sheer inertia on the part of the council which has never got round to discussing the reports of the situation made by its own officers. This programme on one "cycle of deprivation" and *Midweek*'s on another, involving institutionalised children growing into adults whose offspring need similar institutional care, were both professionally well made (though in two quite distinct styles) and both showed situations which could only raise sympathy from any liberal, any humanitarian, any social democrat—yet I was wondering by the end of the week about their effect.

After his report on the disaster in Ethiopia Jonathan Dimbleby made an appeal and raised large sums of money for relief. He can hardly do that (presumably) for the Glasgow slum dwellers. Yet there is very little ground for supposing that the publicity alone will achieve anything: years after *Cathy Come Home* we have more Cathys than ever, in spite of all the attention created by the programme. Which is not to say that such programmes should not be made, *but merely to wonder what would* get results.

ICA Theatre

Sweet Talk

Two years after its first production in the Theatre Upstairs, Michael Abbensetts's wry and haunting comedy proves well worth a second look. Cooped up in a Shepherd's Bush bed-sit, a West Indian couple are driven apart by a combination of circumstances and selfishness. Tony's career in accountancy is temporarily (that is, permanently) shelved as he beavers away constructing record players; Rita, parted from her first child who is back in Trinidad and on the verge of losing her second in the womb, is a quiet and wounded soul when not in the kitchen or on her way to hospital.

Structurally, the piece might appear to be an old-fashioned domestic drama, but the writing, full of idiomatic vigour, never allows this. I feel, too, that Donald Howarth's production improves on the original in its *lyrical insistence on the truth* of the love between Tony and Rita. The original Rita, as played by Mona Hammond, was an arresting vision of physical defeatism. Cleo Sylvestre is less powerful an actress, but she plays with charm and sincerity.

Her Tony is played with inimitable comic resource by Stefan Kalipha. Mr. Kalipha's arms often seem longer than his legs; this characteristic turns out considerably to Mr. Kalipha's advantage—he moves with such athletic grace that all other limbs on view might as well be stuffed.

Tony sees escape from the claustrophobia through a win on the horses, an attitude that is spelling trouble for the relationship with Rita. His friend Oscar (T-Bone Wilson) sees this and fails to place Tony's money on a comparative outsider so as not to destroy Rita's chances of a trip back home. Of course the outsider romps home and Oscar has to deal with a man who has cleared the table for his winnings. The play is full of such ripe situations. There is even room for Tony's nostalgic recol*lections of Friday nights along* the Guyana *sea-wall*. And the ending, with Rita taking a suitcase she will not bring back, is very moving. Mr. Kalipha's eyes told a sad story as he looked at the record player and listened to Isaac Hayes.

MICHAEL COVENEY

Studio 4/Nigel Greenwood

Bottarelli/Jacklin

by WILLIAM PACKER

Although the areas around Bond Street and St. James's are still effectively London's Art World, and those of us interested in painting and sculpture could fill our time quite happily and yet stray no further afield, there are, nevertheless, very many galleries a short way off that repeatedly more than repay the small effort spent in visiting them. Indeed some enjoy an international reputation, and should be already on our own lists of places to visit regularly.

There are others at the heart of things, but tucked away along passages and up stairs, that you never would know existed unless you were told where to look. Our indolence and myopia combine, unfortunately, to the disadvantage of these galleries and the artists whose work they show; and we lose too, for we miss a lot.

Studio 4, at 2, Downshire Hill in Hampstead, is an *occasional* gallery where Vivien Lowenstein and Pat Sonabend together put on perhaps three or four exhibitions a year. Until June 20, they are showing paintings and drawings by Maurizio Bottarelli,

The Entertainment Guide is on Page 31

a young Italian with a growing reputation at home, but whose work has not been seen in this country until now.

Bottarelli usually works on an extremely large scale, hoping to envelop the viewer in the work, so these paintings 5 feet square, are on the small side. The imagery suggests interlocking struts and wires that strain *against each other, pulling later*ally across the surface of the canvas like fish hooks caught in cloth. They are dynamic linear images, whose diagonal emphasis gives an impression of terrific speed or force; and their heavy chiaroscuro gives them a certain dramatic presence.

They are highly wrought paintings, skilfully done, but rather to obvious both in form and feeling. The drawings are much less so, much quieter and far more speculative. Their emphasis is horizontal, which gives them a stability that allows the subtleties of tone and texture and density to establish themselves. Theirs is an unforced as against a contrived elegance. They demonstrate that Bottarelli's sensibility is sound, and his ideas interesting. I hope we shall be given the chance to see how they develop.

Nigel Greenwood's gallery seems to court obscurity, hiding in the very corner of Sloane Gardens, but it is in fact one of the best smaller showing spaces in London, with a stable of artists to match. Recent paintings by Bill Jacklin occupy it until the end of the month. Jacklin has *always been an interesting artist*, for he brings an acute and precise aestheticism to the formal systems that intrigue him. Thus his work tends to be both precious and rigorous, neatly avoiding the excesses that both are heir to. It might be that he is too adroit, avoiding all the problems as well, and a certain glibness has been evident at times in the past: but his work does change and develop; there is progress of some kind. He remains interesting.

These latest paintings mark the re-adoption of oil paint as his medium, which he applies in a thick impasto, a legacy from some recent experiments with wax. The colour is hot, rather dark and close-toned: heavy crimsons, oranges, greens and blues. It is very English painting, but of a particular kind, being close in feeling to the romantic expressionism of the later Bomberg, and his Camberwell followers. But there is another, somewhat contradictory affinity, for the formal structures which support it, the fractured imagery and the diagonal shift, they all recall Vorticism: Bomberg again.

Of course these are not overt influences, but the duality at least is conscious. The paintings are founded upon two grids, one vertical, the other imposed diagonally across it. As the paint builds up, so the grid breaks down, growing ever more ambiguous. The process is steady and almost implacably regular by which a dense, rich and apparently intuitively stated surface accrues. And Jacklin is happy to leave all the evidence clearly visible, each painting the diary of its own achievement.

In what direction does he move next, and how far? These questions remain unanswered for the moment, with doubts left hanging in the air along with a certain amount of re-assurance. Jacklin has opened up his work considerably. It is much less complete than before, more open-ended; yet still he leaves very little to chance. The freedom of the handline is largely illusory, each brush-mark put on with *extreme deliberation and self-*possession. The paintings that result are beautiful enough, and certainly very accomplished, but, until he can bring himself to trust his intuition, we shall not know how much more they have to offer.

An 'OBIE' for Ian Trigger

Ian Trigger, who is currently playing Argante in The Young Vic production of *Scapino* in America, has been awarded the OBIE Drama Award for his performance as Squire Jonathon in *The True History of Squire Jonathon and his Unfortunate Treasure*, by John Arden, which was presented off Broadway as *a week-end production during* the New York run of *Scapino*.

King's Theatre, Edinburgh

Die Fledermaus

by ELIZABETH FORBES

Scottish Opera is celebrating the 150th anniversary of the birth of Johann Strauss II with a new production of *Die Fledermaus*, which was given its first performance on Saturday at the King's Theatre, Edinburgh.

David Pountney, who also produces, and Leonard Hancock have prepared a new translation, which sticks closely to the original text, and does not try to adapt—fatal word—the dialogue for British consumption. Plenty of jokes remain, and some are interpolated, including one splendid line in the accents of Barry McKenzie.

The setting is contemporary—1874, that is—and David Fielding has designed an elegant conservatory, somewhat reminiscent of the Palm House at Kew, for the party at the Villa Orlofsky. Eisenstein's living room is an arrangements of curtains and screens, while the chief item of furniture in Colonel Frank's jail is a lethal coffee machine, which explodes just in time to let in the Prince and his champagne-bearing minions for the finale. Alex Reid's costumes are in the very best *mauvais goût*. Mr. Pountney relies on carefully observed characterisation. He never lets us forget that the title of the work is *The Bat*, and Thomas Hemsley's authoritative Falke, head shaven à la Kojak, cloak flapping like a pair of monstrous wings, masterminds his revenge adroitly.

Catherine Wilson makes a very positive Rosalinde, the dominant partner, quite obviously, in the Eisenstein ménage. Stunningly arrayed in white at Orlofsky's party, she sings the Csárdás with tremendous attack and in authentic-sounding Hungarian. David Hillman's Eisenstein is a genial, likeable fellow, who takes the theft of his watch by a foreign titled lady with good humour, and philosophically accepts the irony of the Bat's revenge. Richard Greager is an amusingly extrovert and ebullient Alfred, with an up-to-date operatic repertory; his Radamès must be exciting. Patricia Hay's Adele, a bonny Scots lassie, is sure to succeed in her desire to tread the boards.

As Orlofsky, Ann Murray, looking about 14 years old rather than the 16 that the prince admits to, makes a convincingly blase and sophisticated youth, and sings with attractively plangent tone. Michael Maurel is a benevolent Frank, courteous to everyone, including his prisoners, who keeps the ingredients for a prairie oyster ready to hand in his desk. John Lawson Graham's Frosch is the least tedious that I can recall (*that is meant as a sincere* compliment); he times his gags expertly.

The conductor is David Frame. He begins by playing the waltz rhythms straight, without much stress or hesitation. Gradually he builds up an irresistible momentum in his pacing and by the "Dui du" ensemble has generated the languorous feeling *of a successful party that has* been going on all night. The Scottish Philharmonia and Scottish Opera Chorus co-operate wholeheartedly, but the ballet is not really the type of entertainment a Russian prince would offer to his guests.

Catherine Wilson and David Hillman

WORLD TRADE NEWS

Swiss 'Roskopf' watch sales fall 42%

By John Wicks

ZURICH, June 17

PROSPECTS OF the Swiss pin-lever watch ("Roskopf") industry for the current year are considered "unfavourable and uncertain" by member companies of the Bienne-based trade body — Association d'Industriels Suisses de la Montre Roskopf.

Almost one-half of Swiss watch exports are made up of pin-lever models, which are subject particularly to the effects of international recession.

For the whole of last year exports fell only 1.5 per cent. in volume terms to 40.4m. finished watches and movements, with a 7 per cent. rise in value to SwFrs.534m. (£95m.). But the first quarter of 1975 showed a drop in export volume of over 42 per cent. in comparison with the same period of 1974, with value lower by 38.2 per cent. Some 99 per cent. of production is sold for export.

At the end of last year two-thirds of the member undertakings booked orders in hand for only one to three months' production, while in the fourth quarter over 40 per cent. of all companies had large stocks on hand.

Planning starts on Soviet-German Kursk steel plant

BY LESLIE COLITT

BERLIN, June 17.

PRELIMINARY PLANNING has begun by the West German Government-owned Salzgitter AG on the largest post-war deal between West Germany and the Soviet Union. The integrated steelworks at Kursk, in Western Russia, will take some eight years to construct and will be worth DM7bn. (£1.32bn.) to the consortium of Salzgitter, Korf Stahl and Fried. Krupp.

The first phase of the work by the West Germans is to start in late autumn next year, according to Herr Hans Birnbaum, chairman of Salzgitter, a steel, engineering and shipyard group. He spoke at a recent news conference held with Mr. Vladimir Novikov, deputy chairman of the Soviet Council of Ministers and head of the Soviet side of the German-Soviet Joint Economic Commission, which had its latest meeting in Bonn. Mr. Novikov said the Soviets were already starting work on the infrastructure for the project.

The West Germans will deliver the pre-planning to the Soviets, who must then sign their approval before orders can go out to suppliers. Saltzgitter says that at that point other European companies could also get orders for the Kursk project.

Among the principal elements of the steelworks are a pelletisation plant for converting iron ore into pellets, a direct reduction plant to produce iron sponge without blastfurnace smelting, electric furnaces and a continuous casting plant for semi-finished products as well as rolling mills.

The Korf group holds a world licence for the U.S.-developed direct reduction process, and Kursk will be the world's largest steel plant based exclusively on that process.

Although the Soviet Union originally wanted credits for the project at lower rates than the West Germans were prepared to offer, they decided last year to finance the first stage themselves. They had wanted to pay off the credits with deliveries from output from the new plants.

Negotiations are to begin next year on future Soviet deliveries of iron pellets and semi-finished products to West German mills. Last year Salzgitter exported 250,000 tons of rolled steel to the Soviet Union, and expects to deliver the same amount this year.

Salzgitter is also in charge of the engineering in a consortium of companies which are shortly to begin work on a DM180m. (£34m.) plastics factory at Lake Baikal, in Siberia. The company currently has DM300m. (£56.6m.) worth of chemical plants now under construction in the Soviet Union.

The news conference disclosed that the Soviet Union is interested in buying factory fishing vessels from the Salzgitter-owned Howaldtswerke-Deutsche Werft AG. Firm orders are expected to be announced early next year after the start of the Soviet Union's Five-Year Plan, but reports are circulating that the orders could be worth some DM1bn. (£189m.).

Mr. Novikov criticised the rates for West German credits as being too high and tied to specific projects. He said 7 per cent. was an acceptable rate to Moscow. On the planned construction by the West Germans of a nuclear power plant at Kaliningard, North Western Russia, the Soviet official explained the negotiations were still at an early stage.

Energy from the plant would be delivered across Poland and East Germany to West Berlin and West Germany. The West German Government wanted to make sure electricity could be supplied to West Berlin from West Germany over the same lines that cross East Germany in the event of stoppages from the electricity plant in the East.

● Japanese Press reports yesterday in Tokyo indicated that Nippon Steel might raise its steel prices by about 10,000 yen (£14.93) per metric ton, effective for August shipments. A spokesman for the company said it had not made any official decision on a price rise. But it is known that Nippon has been studying the timing of increases since early this year to help cover higher production costs.

Trinidad plan for smelter 'in jeopardy'

By Our Own Correspondent

PORT OF SPAIN, June 17.

THE PROPOSAL for a 300,000 tons-a-year aluminium smelter in Trinidad owned jointly by the Governments of Trinidad and Tobago, Jamaica and Guyana has been "put in serious jeopardy" by the decision of Jamaica and Surinam to supply alumina for an expansion of the existing aluminium smelter in Venezuela.

In a speech at a special convention of the ruling Peoples' National Movement, called to discuss the "recolonisation of the Caribbean," Dr. Eric Williams, Prime Minister of Trinidad and Tobago, said he viewed the arrangements Jamaica and Surinam had made with Venezuela as "a calculated attack on the smelter project announced a year ago by the three Caricom Governments."

Venezuela plans to expand its current aluminium capacity from 55,000 tons-a-year to 330,000.

Jamaica agreed—subsequent to its arrangement with Trinidad and Guyana—to supply alumina and bauxite to the Venezuelan smelter.

Dr. Williams said he had decided to take no further part in discussions about the Trinidad smelter. "I have passed the aluminium baby to the Minister of Industry and Commerce, who has directed his staff to reappraise the project" the Prime Minister added.

Singapore's Keppel ship-repair yard optimistic on outlook

BY OUR OWN CORRESPONDENT

SINGAPORE, June 17.

SINGAPORE TO-DAY launched a $US12m. bearer bond on the languishing Asian dollar bond market, to finance expansion at Keppel Shipyard. It is the first Asian dollar bond issue since Orient Leasing's private placing in December, 1973, and the first to include Middle-East underwriters. It is a mark of the Singapore Government's concern to maintain foreign confidence in Singapore's shiprepairing industry.

The seven-year bond, unsecured but guaranteed by the Singapore Government, is at a coupon rate of about 9½ per cent., with mandatory redemption at par over the last four of the seven years.

The issue will finance Keppel's new 150,000 dwt drydock at its projected Tuas shipyard in Jurong industrial estate.

The first phase of Tuas is scheduled for completion in mid-1977 at a cost of about $70m. (£13.5m.). Keppel, formerly a wholly Singapore Government-owned enterprise with Swan Hunter International as managing agent from 1968-72, went public this year. It already has six drydocks with up to 40,000 dwt capacity.

Mr. George Boggars, the chairman, who is a senior Singapore civil servant, to-day rejected pessimism about the shipping industry.

Even if UNCC's and ULCC's faced a decline in demand, product carriers could boom, he declared. With the reopening of Suez, "it will become profitable for shipowners to trade off the saving achieved by using the Suez Canal against employing smaller tankers within the range of the new Keppel drydock."

Mr. Boggars revealed that Keppel intended going into shipping in the Philippines in partnership with local investors. He gave no details, but added that investment proposals in a shipyard had been submitted to the Philippine Board of Investment, and were expected to be approved shortly.

To-day's morale-boosting exercise, however, was in sharp contrast with the admonitory tone adopted by Mr. Lee Kuan Yew, the Singapore Prime Minister, when he opened Sembawang shipyard's new 400,000-ton drydock last month.

"We cannot afford to price ourselves out or some other lower wage centre will be developed as a ship repairing centre that will replace us," Mr. Lee stated. "Let us not forget that productivity in Japan, Taiwan and Hong Kong is higher because of higher skills and harder work."

He pointed to the dangers of the VLCC tanker tonnage surplus, of likely competition from Mediterranean shipyards following the reopening of Suez and of a reduction in tanker demand likely to follow the oil discoveries in the North Sea and Alaska.

'NO SUBSTITUTE FOR LOCAL CONTACTS'

By Our Merseyside Corresponden

One of the major lessons learned by the recent 18-member trade mission to Iran organised by the Merseyside Chamber of Commerce and Industry was that there is no substitute for frequent visits of senior executives if British business is to compete successfully with strong foreign competition, much of it based on traditional commercial links.

The mission found a fund of goodwill towards Britain, which, it says, should make the task of breaking into that lucrative market much easier.

All the members succeeded in making valuable contacts on which to build, and many have expressed their intention of paying an early return visit to Iran to appoint suitable agents for joint ventures with Irani partners.

Among the industries represented were steel construction, industrial belting, scaffolding and building, motor accessories and sports equipment.

Japanese mission in Greece

ATHENS, June 17.

A 34-MEMBER Japanese trade mission arrived here to-day for a week's visit to promote trade relations between Greece and Japan. It is led by Mr. Eiji Yamagata, advisor of the Long-Term Credit Bank of Japan, and includes four representatives from the Japanese Ministry of International Trade and Industry.

Companys represented include Mitsubishi, Mitsui, Sumitomo, C. Itoh, Ishikawajima-Harima and Marubeni.

The delegates will have talks with Mr. Panayotis Papaligouras, Minister of Co-ordination, and Mr. Ioannis Varvitsiotis, Minister of Commerce. They will visit the chamber of commerce and industry, the federation of Greek industries, the export promotion council, the Greek export association and the State-controlled Hellenic industrial development bank.

After their contacts in Athens, the mission will split into four groups to study capital goods, foodstuffs, citrus and fruit possibilities and textiles.

The mission as a whole will visit Salonica and study the possibility of investing Japanese capital in northern Greece, and the purchase of Greek industrial products.

Contracts Abroad

BABCOCK AND WILCOX CANADA will build two coal-fired boilers costing $20m. for a 150MW electric plant at Mae Moh, Thailand.

CAPPER-NEILL INTERNATIONAL is undertaking repair and maintenance work costing £2.3m. on four oil storage tanks at Jebel Dhanna, Abu Dhabi.

Export Contracts

HERBERT MACHINE TOOLS will manufacture equipment worth £500,000 for Iran Tractor Sazi and Iran Compressor, further expanding Herbert's interests in the expansion of Iran's machine tool industry.

BORG WARNER will supply refrigeration compressors worth £500,000 to Occidental International Oil for installation in Libya.

RACAL MOBILCAL is manufacturing military radio communications equipment worth £2.25m. for the Malaysian Defence Ministry.

BRITISH STEEL CORPORATION is supplying electricity transmission poles worth £1m. to the Nigerian Electric Power Authority.

LAKELAND GREEN SLATE AND STONE is supplying English slate costing £4,000 for the Sultan of Oman's new palace at Salalah.

MJN (INTERNATIONAL), Marryat Group, is providing for £2m. power generation and distribution, lighting, air conditioning, water supplies and baggage-handling equipment for Abha airport, Saudi Arabia.

MOLINS is now making dual filter tobacco machines valued at £930,000 for Japan on completion of a similar order worth £400,000.

AGA NAVIGATION AIDS, Brentford, Middlesex, is supplying tidal telemetering equipment worth £70,000 to facilitate quicker turnround of vessels at ports in Kuwait, Abu Dhabi and Iraq.

COHEN BROTHERS (ELECTRICAL), Manchester, will provide for £140,000 steel street lighting columns and transmission poles to Denmark and Norway.

FIBERTECH CONSULTANTS, Fleet, Hants, will provide equipment and services for a 6,000 tonnes-a-year glass fibre plant to be built near Skopje, Yugoslavia, for commissioning in mid-1977. Lazard Bros. has arranged a £3m. loan by National Westminster and Williams and Glyn's Bank, with ECGD backing.

HUNTING GEOLOGY AND GEOPHYSICS is making an oil exploration survey over 200,000 square miles of southern Sudan for Chevron.

IN BRIEF

Nigerian glass

Nigeria's Lagos State Government and a Hungarian concern have agreed jointly to establish a £24m. glass factory at Badagry, near Lagos, an official spokesman said. Production would be 48,000 tonnes of glassware annually.

U.S. textile imports

U.S. textile imports fell 21 per cent. overall in January-April, but arrivals from Japan, Taiwan and South Korea continued to show substantial gains. Imports were just over 1bn. square yards of fabric and other textile products, worth $844m. Exports of U.S.-made textiles and apparel fell 19 per cent. in the four months to $522m.

Sony videotape

Sony is to market in Japan from July 10 a vide otape recorder. Betamax Video-deck S1-7300, incorporating a TV tuner, for home use. It can be connected to any standard colour TV set, timer, video camera or microphone without set modification. Price: Yen 298,000 (£445).

ECGD support

ECGD has guaranteed a £1m. Lloyds Bank line of credit arranged by S. G. Warburg with Gränges A/B, Sweden, to help finance contracts placed for U.K. capital plant and equipment by Gränges and its subsidiaries. Also backed is a £1.8m. Barclays Bank loan arranged by Scandinavian Bank to Uddeholms A/B, Sweden, to finance a Black Clawson International order to supply boxboard-making plant.

Gulf telex

Cable & Wireless is to instal a £500,000 computer-controlled automatic telex exchange built by Frederick Electronics, U.S., to a C & W specification at its Doha, Qatar, office, to provide service by July, 1976. Gulf traffic growth is at present almost doubling annually.

Irish gain orders

Order worth £1.25m. have been gained by an Irish Export Board mission to the north-east of England, promoting building equipment and supplies.

Hong Kong textiles

Hong Kong Commerce and Industry Department has accepted an EEC proposal to resume talks in Brussels on July 7 on an agreement to limit the colony's textile exports to the EEC.

Foreign car sales again lower in Canada

BY OUR OWN CORRESPONDENT

TORONTO, June 17.

RETAIL SALES of new motor vehicles in Canada increased for the fourth successive year in 1974 to a record 1,249,304 units, with a value of $5.9bn. (£2.53bn.) according to final figures from Statistics Canada.

However, the over-all rise of 1.8 per cent. in units sold and 10.2 per cent. in value was a sharp slowdown in growth when compared with rates of 15.1 per cent. in 1973, 13.3 per cent. in 1972 and 15.1 per cent. in 1971 for unit sales. Value increases, respectively, were 24.6 per cent., 21.4 per cent. and 26.3 per cent.

Sales began to taper off by mid year, and sagged in the final quarter to 30,000 below a year earlier.

Passenger car sales brought 4.7 per cent. more revenue at $4bn. (£1.71bn.) for 2.9 per cent. fewer units sold at 942,797. Car sales formed 88 per cent. of all registrations.

Cars manufactured in Canada and the U.S. fared better than imported models as North American makers expanded their market share by 3.9 percentage points to 84.5 per cent. in 1974.

Purchase of imported passenger cars continued to decline during 1974, with Japan suffering the sharpest setback, dropping 15.6 per cent. in value over the year to $301m. (£129m.) for 87,609 units (111,467 in 1973).

Sales of European passenger cars declined by 7.3 per cent. in value to $261m. (£112m.) as volume by 23.7 per cent. to 58,348 units (76,447).

The average retail price for North American-built cars was 6.2 per cent. higher last year at $4,336 (£1,858), and for European cars went up 21.5 per cent. to $4,675 (£2003). Japanese car prices rose 7.4 per cent. to an average retail level of $4,439 (£1,902).

Sales of North American-built commercial vehicles were a record 287,686 units, worth $1.8bn. (£771m.). Imported commercial vehicles supply only 1.2 per cent. of the Canadian Market.

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AMERICAN NEWS

Study predicts strong rise in OPEC's surplus

BY GUY DE JONQUIERES NEW YORK, June 17.

RECENT FORECASTS that the OPEC countries' aggregate current account surplus will turn into a deficit by the end of this decade are sharply disputed in a new study published by Walter J. Levy, the New York-based international oil consultancy.

The study projects that, far from shrinking, the OPEC current surplus will rise strongly in 1977 and by 1980 will still be equal to the estimated surplus this year, measured in current dollars. Moreover, it forecasts that the cumulative OPEC dollar surplus will almost quadruple between 1975 and 1980.

"From the standpoint of the oil-importing countries, the problem in the aggregate is likely to be rather more serious and of longer duration than suggested by some of the recent estimates, and will not be resolved for most countries even with the expansion of trade through OPEC imports. Recycling of oil dollars thus looks to be a persistent problem," the study warns.

Several large U.S. banks, including Morgan Guaranty and First National City Bank, have recently published reports projecting a steady decline in the OPEC surplus. In taking the contrary view the Levy consultancy aligns itself closely—though apparently unwittingly—with the numerical projections expressed in the latest World Bank analysis of the question submitted to the bank's Board last April.

The Levy study projects that the OPEC annual surplus, in current dollars, will rise from $47bn. at the end of this year to $73bn. in 1977, falling back to $47bn. in 1980. Adjusted for anticipated inflation, the surplus in 1974 dollars is put at $42bn. this year, $57bn. in 1977 and $30bn. in 1980.

The cumulative OPEC surplus is projected to rise from $122bn. at the end of this year to $264bn. in 1977 and $449bn. at the end of 1980—almost twice the value of present world monetary reserves, put at SDR223.4bn. by the International Monetary Fund. Adjusted for inflation, the accumulated surplus is estimated at $109bn. this year, $206bn. in 1977 and $286bn. in 1980.

A novel and important feature of the Levy analysis is its forecast that income from investments abroad will account for an increasing share of the current OPEC surplus. Overall, it forecasts that OPEC investment income could rise from $7bn. this year to about $30bn. in 1980, when it would account for 65 per cent. of the projected current account surplus. Thereafter, investment income would probably account for most of the OPEC surplus.

This income would be unevenly distributed, however. Though it offers no precise breakdown, the study anticipates that the bulk of revenues would accrue to countries like Saudi Arabia, Abu Dhabi and Kuwait, while relatively little would go to states like Iran, Algeria and Indonesia, which are pursuing intensive domestic investment programmes.

A central assumption of the Levy study is that the growth of OPEC import volume will slow to an annual rate of 15 per cent. during the next few years. It assumes that OPEC oil exports will rise from 26.5m. barrels per day in 1975 to 30m. next year and 32.5m. in 1978 and 1979, falling to 31.5m. in 1980.

A further critical assumption is that OPEC oil prices will rise approximately in line with the rate of inflation for OPEC imports, estimated at 12 per cent. in 1975 and seven per cent. annually in succeeding years. While not drawing a precise, mechanical, link between prices of oil and imports, the Levy consultancy suggests that the OPEC countries' problems in making oil price rises stick should not be over-estimated.

Cuba to return $2m. hijack ransom to U.S.

WASHINGTON, June 17

IN A CLEAR attempt to improve relations with Washington, Cuban Prime Minister Fidel Castro has said that he will return a $2m. ransom paid for a hijacked airliner in 1972.

Senator Sparkman, who is Chairman of the Senate Foreign Relations Committee, hailed the move as "a significant and positive step towards the normalisation of relations between our two countries."

Secretary of State Dr. Henry Kissinger yesterday said that America was ready to reciprocate any friendly moves by Dr. Castro, but did not mention the ransom. The U.S. is relaxing its Cuba policy and is ready to vote at a special session of the Organisation of American States (OAS) next month to allow member-states to open trade and diplomatic ties with Cuba if they wish.

Ford says economy 'on its way up'

BY PAUL LEWIS, U.S. EDITOR WASHINGTON, June 17.

PRESIDENT FORD made another confident prediction today that the worst of the American recession is now over—despite yesterday's announcement that industrial production fell for the eighth consecutive month in May.

Although the President acknowledged that some indicators were likely to remain unsatisfactory for several months to come, he told a businessmen's conference here that: "I am confident that we are at the bottom of the slide, and we will soon be on our way up."

To support his view, the President ran through the indicators which currently suggest the recession may have hit bottom already and now be preparing to reverse itself.

He pointed out that new orders for plant and equipment were up 15 per cent. in April over March and that housing was at last showing signs of recovery, with a 27 per cent. rise in new building permits during April. Total employment rose by half a million between March and May, even though there was a rise in those out of work. Inflation was now running at half last year's 12 per cent. rate.

Nevertheless, while few doubt that the economy's downward course is nearing an end, there is much debate among economists at the moment about the speed and strength of the ensuing recovery. While the Administration remains convinced that the second half of the year should see a clear upturn develop, there are others who fear further inventory reductions and shaken business confidence will keep the economy on a plateau into next year.

AP-DJ adds: The director of the Council on Wage and Price Stability says that he expects wage increases in 1976 to continue to be larger than price rises.

CAR RENTAL BUSINESS IN THE U.S.

Making them try harder

BY GUY DE JONQUIERES, NEW YORK CORRESPONDENT

THE AIRLINE passenger arriving at any major U.S. airport has two choices if he wants to rent a car. He can opt for convenience *and speed by patronising one of* the big car rental companies with a counter in the airport building itself and a fleet of cars parked nearby. Or he can save some money by seeking out one of the smaller discount companies with offices somewhere on the airport perimeter and telephone for a driver to come and pick him up.

If the passenger is a businessman, armed with company credit cards but tied to a tight schedule, the chances are that he will go straight to one of the bigger companies with a service counter in the arrival lounge. His rental contract will be processed swiftly—probably by computer—and by the time his luggage comes rolling down the conveyor belt he will already have the car keys in his hand.

The *relative advantages* of these alternatives might seem clear enough. But last week the U.S. Federal Trade Commission took issue with the tactics of the "on airport" companies, as they are called in the trade. It accused the three biggest companies, Hertz, Avis, and National, of conspiring to monopolise the rental business at airports throughout the U.S. and of charging between 10 and 40 per cent. more than their smaller competitors.

According to the FTC, the three companies in 1973 controlled 96 per cent. of the "on airport" market—valued at more than $500m. a year—and 100 per cent. of that market at 20 large hub-city airports. It alleged that they achieved this position by colluding in the submission of *bids for airport counter concessions*. As a remedy, it proposed that the Big Three be barred from certain airport locations to permit the entry of competitors.

The Big Three have also been accused of taking advertising subsidies from Detroit car companies amounting to as much as $5m. a year each. According *to Mr. James Halverson, director* of the FTC Bureau of Competition, each firm has an "exclusive arrangement" with a motor company—Hertz with Ford, Avis with Chrysler, and National with General Motors. Whether or not the FTC's charges of collusion are substantiated airports are indisputably a key element in success in the car rental business because they are virtually essential to any firm competing for corporate account custom.

> The Big Three have also been accused of taking advertising subsidies from Detroit car companies

It is estimated that the Big Three together provide less than 50 per cent. of all car rentals, but there is little doubt that they dominate corporate and business rentals: Hertz estimates that more than 85 per cent. of all its customers are travelling on business.

At many airports, there is a minimum concession fee stiff enough to discourage any rental company which cannot be sure of attracting a large volume of business. In addition a newcomer to "on airport" concessions must face competition from companies which have made substantial investments in such expensive niceties as a computerised nationwide reservations and billings system.

For the smaller company which decides to *stay off airport*, life may, however, not be any the easier. While it bears lower overheads, it must rely for its business heavily on holiday and leisure travellers, who are notoriously fickle, and must duel with an army of rivals. There are some half a dozen national discount companies, often operating through franchises, plus several *dozen regional* rental concerns and literally thousands of local rental outfits across the U.S. From the customer's point of view the main distinction between them boils down to one of cost. It was this cut-throat competition for a volatile market that caused one of the bigger "off airport" chains, Budget Rent-A-Car, to come in from the cold recently. Using an aggressive marketing programme offering a standard rental change at most of its U.S. locations. Budget has won a number of corporate accounts and has opened up almost 90 "on airport" concessions in the U.S. within the past two years.

But Budget's increased overheads have been reflected in a rise in its rental charges to the general public, and its rates are now often closer to those of the Big Three than to those charged by the "off airport" discount concerns. The economics of Budget's venture tend to cast doubt on the FTC's contention that rental charges would be reduced if the big three were forced to yield some of their airport concessions to competitors.

A common characteristic of the car rental business is that most of the major firms are subsidiaries of larger corporations. Hertz is owned by RCA, National by Household Finance, and Avis is in the hands of a trustee, pending its compulsory divestiture by International Telephone and Telegraph. Budget, which now ranks as number four, is owned by Transamerica, while Econo-Car, one of the larger discount firms, belongs to Westinghouse Electric.

Individually, however, the major companies have fared very differently. Hertz, with gross revenues of $722m. in 1974, continues to enjoy an unchallenged position as number one. It does almost twice the business of Avis (1974 revenues $377m.), and almost five times more than National (1974 revenues $146m.). It has the largest fleet of rental vehicles in the U.S. and the most outlets, though industry insiders believe that it may now have been displaced in Europe by Avis.

Hertz does not stay number one by virtue of *size* alone. It is also an astutely managed company which has succeeded in avoiding many of the pitfalls that have troubled its competitors. For example, even before the Arab oil embargo in 1973 and the subsequent difficulties for car travel in the U.S., Hertz was already increasing the proportion of small, economical cars in its fleet. It has also set up its own retailing unit to sell off its older cars and benefited from the buoyancy of prices on the used car market last year. Because of these and other shrewd decisions, Hertz increased its net profit to $23.2m. last year from $19.3m. in 1973. Avis, on the other hand, had a dismal year. Despite a 9 per cent. increase of gross revenues, its net profit fell to $4m. from $11.3m. in 1973. National, which ran a $16m. loss in 1973, earned profits of $4m. last year, the same as in 1972.

"We have to try harder," says the Avis slogan. But Avis's performance in recent months has not been helped by the uncertainties surrounding its future. In a sector marked by the prevalence of outside ownership, it is now something of an orphan. Technically, the majority of its shares are still owned by ITT, which was ordered to dispose of them by last September under an anti-trust settlement negotiated with the Justice Department. After ITT had failed to sell its interest, Avis was transferred to a trustee, who will decide its immediate fate.

Avis' difficulties have been made worse by special problems. It lost a big lawsuit involving tax payments, it has faced heavy expenditures connected with its Wizard of Avis computerised *reservation and billing system*, which has not been functioning properly, and it has been losing money on its Canadian affiliate, of which it took total control in 1973.

A number of companies have expressed an interest in Avis, among them American Express, United Airlines, Thomas Cook, and INA. But none has gone through with a deal, and the prospects for finding any new bidders are now distinctly clouded by the FTC's legal action, which could take years to reach a conclusion.

In the broader perspective, if the FTC succeeds in its objective of removing the Big Three from some major airport locations it could seriously weaken their hold on the corporate and business rental market. But Budget Rent-a-Car's move into airport locations raises questions about the effect of increased "on airport" competition on rental rates. To bring down car rental costs it may be the FTC that will have to try harder.

Court allows scare leaflet

BY JAY PALMER NEW YORK, June 17.

NEW YORK City's angry municipal union leaders have received court approval to distribute their "Fear City" warning leaflets to visiting tourists. Arguing the First Amendment's guarantee of free speech, the State Supreme Court late last night unanimously threw out Mayor Abraham Beame's restraining order which had temporarily *prohibited* off-duty city employees from handing out the four-page scare leaflet at airports, bus terminals and hotels.

Entitled "Welcome to Fear City—a survival guide for visitors to the City of New York," the leaflet's cover is dominated by a drawing of a shrouded skull. It warns visitors that safety personel to protect against crime and fire have been drastically cut back, and urges readers "to stay away from the city."

Despite the court victory, the city's unions this morning indicated that they would not immediately begin full scale distribution of the booklet, of which about 2m. copies exist.

Mariana votes to join U.S.

SAIPAN, Mariana Islands, June 17.

THE PEOPLE of the coral-reefed Mariana Islands in the Western Pacific to-day voted heavily in favour of becoming American citizens.

The islanders, voting in a plebiscite held under UN scrutiny, came out 76 per cent. in favour of Commonwealth status within the American political family.

Reuter

Texaco accused in Venezuela

BY OUR OWN CORRESPONDENT CARACAS, June 17.

THREE VENEZUELAN Congressmen charged to-day that the sale of an oil company here to Texaco, in 1964 left the nation with the biggest case of tax evasion in Venezuela's history and unpaid bills totalling $92m.

Three Congressmen from the MIR Party (Movimiento Izquierda Revolucionario), a small socialist group here, said that when Texaco bought the Superior Oil company in 1964, it should have assumed responsibility for Superior's back taxes amounting to $46m. and a fine for non-payment of taxes set at another $46m. The legislators also charged that Government officials had overlooked the tax bill

Reuter

PROTEST MARCH IN BUENOS AIRES

BUENOS AIRES, June 17.

THOUSANDS of car, paint, print-shop and other workers marched last night from suburban plants toward Buenos Aires in protest over the slow pace of major national wage negotiations.

Portuguese military tries to defuse political crisis

BY JANE BERGEROL

LISBON, June 17.

THE SUPREME Revolutionary Council continued its political meetings to-day for the fifth consecutive day after moving at dawn to defuse the current tension by stating there was no chance of any Government changes in the near future.

Captain Vasco Lourenço, the Supreme Council spokesman, assured journalists there was no question of a Cabinet reshuffle, but said the council was considering fundamental new political aims for the revolution. It is thought that the question of forming workers' revolutionary councils is being debated, as well as the recent Communist Party suggestion that such councils should be turned into popular assemblies.

But, at the same time, the military are clearly preoccupied with the economy and social security problems, which have arisen with a Communist bid to take over running of the social security contributions sector. There is still no indication of an outcome to the debates, currently going on in a naval college outside Lisbon, but it is now thought unlikely to produce any dramatic change in the position of the political parties.

To-night, the extreme left groups supporting the setting up of embryonic workers' revolutionary councils called a demonstration in their favour and claimed they had the support of *dozens of major firms* across the country, including the two Lisbon shipyards, Lisnave and Setenave, where workers recently voted to set up technical committees to discuss elections for such councils.

In an appeal, the revolutionary councils' national secretariat said: "Social Democracy and reformism do not provide any solution to the problems of Portugal's workers.

"The parties of the coalition, specialists in dividing the working classes, have lost all initiative and show clearly that they do not represent the interests of the workers."

The secretariat points to the cases of Republica and the Catholic radio station also taken over by workers against the original editorial staff and goes on to say that "it is not strange that Copcon security forces launched an ultimatum to the Supreme Revolutionary Council this weekend."

The Copcon "ultimatum"—which Copcon yesterday described *as a set of proposals* rather than a final threat—clearly supports the revolutionary councils. As Copcon chief General Otelo Saraiva de Caralho has been doing openly for some weeks now.

There is little danger to the political parties in the formation of such councils alone, but some politicians fear the revolutionary councils might be only part of a more general military move against them, arguing that one way of weakening the politicians other than dismissing them from government, would be to create parallel civilian revolutionary organisations.

Republica: the wider issues

BY JANE BERGEROL

LISBON, June 17.

AFTER LAST night's refusal by Republica editorial and management staff to reopen the newspaper, streets around the newspaper building were deserted to-day and a handful of policemen guarded its firmly sealed doors while journalists and soldiers busily drafted conflicting communiqués about what actually happened.

Yesterday's confused events have further muddled the issues involved. What started out as an extreme-Left and Communist inspired move to alter Republica's editorial policy from a pro-Socialist to extreme-Left or pro-Communist stance has ended up on the far more wide-ranging issue of workers' control over management and editorial policy.

It is now clear that the Supreme Revolutionary Council is prepared to accept the idea that a *majority of workers*—whether in a factory or in a newspaper office—should have the final say in production. In Republica's case the product is a newspaper formally with a heavy Socialist Party bias. Most of the journalists were Socialist Party members, but most of the graphical workers were too. What they have been mobilised to support is the idea of a "non-partisan" paper, in which they will have their say.

When Copcon security forces last night symbolically handed over a key to the building to a Socialist member of the workers' committee, after the management had refused to reopen the paper, Copcon was fundamentally backing a workers' takeover rather than supporting a Communist offensive.

What matters in revolutionary Portugal to-day more than anything else is the new drift towards worker-participation at all levels and particularly through the extreme-Left's embryonic revolutionary workers' councils, which have the support of leading Armed Forces Movement *officers such as Copcon security* force general Otelo Saraiva de Carvalho.

Republica workers will be demonstrating to-night in favour of the workers' councils at a first mass rally held in Lisbon in support of the councils.

Faced with this overriding issue, Republica's editor and his *band of faithful journalists* have little hope of gaining Supreme Revolutionary Council support for the paper's returning to its old and, it must be said, rather drab form.

Whether the Socialist Party has abandoned the cause is not clear but certainly it has not been trumpeting it from the rooftops recently, as the worker-participation issue has increased in importance.

What appears likely to-day is an eventual compromise. Perhaps this might take the form of reopening of the paper with the original editorial team intact as the Press Law stipulates and as the Supreme Revolutionary Council ruled. But this could be coupled with an undertaking to throw approval of the editorial *statutes of the paper—in which* it lays down its editorial line—open to a vote from all Republica workers, something already taking place in other Lisbon newspapers.

Spanish Left claims union gains

MADRID, June 17.

LABOUR and Left-wing sources to-day claimed heavy gains for underground Labour groups in nationwide trade union elections involving more than 8m. Spanish workers. The Opposition sources claimed a landslide victory for Marxist-directed groups in key contests in Madrid and Barcelona. A Government spokesman said these *claims* appeared to be exaggerated, but admitted substantial Left-wing gains.

The elections of workers' representatives in every Spanish plant employing more than six persons started 10 days ago and will last to the end of the month. To-day the results of the vote in many of Madrid's and Barcelona's major industrial plants became known.

According to labour sources, the candidates backed by the outlawed Communist-influenced *workers' commissions* and other Left-wing organisations captured 50 per cent. or more of the seats there. In Spain's biggest industrial plant, the Seat car factory in Barcelona, the "Alliance of Worker Unity and Democracy," a coalition of Left-*wing forces, captured more than* 80 per cent. of the vote, the sources said. They said the *Left*-wingers not only got the votes of blue-collar workers, but of Seat's administration personnel as well, capturing seven of the eight seats allotted to white-collar workers.

In Madrid's Marconi communications equipment plant the workers' commissions took 98 per cent. of the seats, in Standard *ITT 80 per cent.*, in the Perkins truck plant 75 per cent. and in the Casa aircraft and Chrysler car-plants about 50 per cent., the sources said.

Elections of workers' representatives are staged every four years by the Government-controlled trade union organisation. The repersentatives act in negotiations with management and also elect their delegates to the various bodies of the trade union organisation. On previous occasions, the elections had been dull and marked by high absenteeism. But this year, the Government apparently decided to feel the pulse of labour. Labour sources said there was considerable freedom for campaigning, and that the Government tacticly permitted the *left-wing groups to name and* back slates of candidates. Some sources called it the most free election that has been held in the 36 *years of* General Franco's rule.

The campaign was fought on economic and not political issues, they said. But political sources said the Government got far more than it bargained for, and the apparent victory of anti-regime labour groups would have an unpredictable impact on Spanish politics.

A spokesman for the official trade unions said Left-wing victory claims were exaggerated. "We still have to evaluate the results," he said. "It appears that of those elected until now, 70 per cent are new faces. We don't know yet what they are standing for politically."

● General Franco to-day named Jose Solis Ruiz as Minister for the National Movement, succeeding Fernando Herrero Tejedor who was killed in a car accident last week. Solis has held the post once before, from 1957 to 1969, when Franco dropped him in a sweeping Cabinet reshuffle. He is considered a moderate who has spoken out repeatedly for *gradual democratic reform*.—UPI

EEC working week compromise

BY DAVID CURRY

LUXEMBOURG, June 17.

MINISTERS responsible for social affairs in the Nine have decided to recommend that member states introduce a 40-hour week for all workers and four weeks' paid holiday a year by the end of 1978. This represents a watering down of original Commission proposals asking the Council to recommend a 40-hour week by the end of this year and the four-weeks' holiday by the end of next.

The postponement was agreed largely at the behest of the British and West Germans who felt that the economic situation was too bad at present to start talking about more generous holidays. In the Community outside the U.K. paid holidays average about four and a half weeks a year, whereas in the U.K. the average is three and a half weeks. In addition, paid public holidays are more numerous in the Continent than in the U.K. France is the only Community country *which has* a 40-hour week on the statute books.

The meeting, at which Mrs. Barbara Castle, Britain's Secretary for Health and Social Security, was making her EEC Council session debut encountered stiff West German resistance to do more than a strict minimum to get pilot studies on poverty in the EEC off the ground. The Commission wanted Council approval to spend about 2.5m. units of account (u.a.) *this* year and about 2.8m. next to subsidise national studies into aspects of poverty.

The aim would be to find out whether a common approach to questions of poverty could be applied throughout the Common Market. In Britain such projects could take the form of establishing advice centres for deprived families or finding ways of telling people of the services and cash grants available to them.

The issue of equality of treatment for women in training and at work was also running into heavy weather. The Commission has proposed equal treatment backed up by enforcement machinery and has called for this equality in principal to social security provisions, although actual equality in this sphere would be introduced only gradually.

Irish economic plan soon

BY DOMINICK J. COYLE

DUBLIN, June 17.

THE GOVERNMENT'S long-awaited package of economic measures designed to reduce progressively the present 25 per cent. rate of inflation, while simultaneously stimulating demand in order to lower unemployment, is to be unfolded in the Dail (Parliament) on Thursday of next week.

This was announced to-day by Mr. Liam Cosgrave, the Prime Minister, who hinted directly at new or revised fiscal provisions, by disclosing that Mr. Richie Ryan, the Finance Minister, would be moving financial resolutions in the Dail on June 26.

In reply to Mr. Jack Lynch, leader of the Opposition, the Prime Minister indicated that the resolutions would be followed by a "Budget-type debate," thus conceding that the Government's supposed measures will amount to a second Budget within six months.

France reaffirms stance on parities

By Robert Mauthner

PARIS, June 17.

M. VALERY GISCARD d'Estaing, the French President, to-day issued a stiff warning to the industrialised countries that it would be impossible to end the crisis affecting their economic relations until they had taken a clear stand on a return to a system of fixed parities.

The President's declaration *was made during the* weekly meeting of the Cabinet at which it was officially confirmed that the French franc would return to the European currency "snake" on July 10.

This step, together with to-day's emphatic reaffirmation of France's attachment to stable but adjustable exchange rates, can be seen as a warning to the U.S. that the French Government is not prepared to make any fundamental concessions on this matter.

When the talks within the International Monetary Fund's Interim Committee ended in failure here last week, it was generally considered that some progress had been made towards bridging the gap between the U.S. and France on the future role of gold.

As regards the amendment of the IMF article on exchange rates, however, the two positions were almost as far apart at the end of the meeting as at the beginning. The U.S. undoubtedly made a concession in accepting *a system of stable but adjustable* parities as the ultimate objective of the member countries, but it adamantly refused to accept any wording which would give the Fund the power to tell countries with floating currencies when they should return to fixed exchange rates.

Hopes that the Franco-American differences could be ironed out by the time the Interim Committee meets again on August 31—the eve of the annual meeting of the Fund—have obviously become much slimmer since M. Giscard d'Estaing's statement to-day. No one believes that the U.S., for its part, is prepared to make anything but the most superficial concessions on such a basic policy issue.

It *is therefore* beginning to look as if the monetary reform package will not be adopted until January next year, the first meeting of the Interim Committee after the IMF's annual meeting.

Another effect will be to deprive the World Bank's new intermediate lending facility—the so-called "Third Window"—or some of the funds it needs to meet its $1bn. target of low-interest loans to developing nations. Only half the funds required to subsidise these low interest rates has so far been pledged and the rest is unlikely to be forthcoming until agreement is reached on the future role of gold.

Giscard welcomed in Warsaw

By David Lascelles

PRESIDENT Giscard d'Estaing of France arrived in Poland yesterday for a four-day visit which is expected to consolidate the two countries' already cordial relations, especially in the economic field.

He was met at Warsaw airport by party leader Edward Gierek and President Henryk Jablonski and later driven into the capital along a route lined with cheering crowds. During his stay President d'Estaing will have talks with his hosts and visit various parts of Poland, including Auschwitz.

The visit links two countries with strong ties, perhaps unmatched between east and west, which have their roots in history and culture as well as in Mr. Gierek's familiarity with France and the French language. Before the last war he worked as a miner in France.

If, as seems likely, the French offer Poland an economic package including cheap credits, it could reflect badly on Britain whose Secretary of State Mr. Peter Shore turned down a request for guaranteed subsidised export credits during his recent trip to Warsaw.

Robert Mauthner writes from Paris: The visit will reach its climax with the signature of a solemn joint declaration defining Franco-Polish relations. Equally important will be the economic agreements due to be signed by Mr. Edward Gierek, the Polish leader, and M. Giscard d'Estaing, who is accompanied by a strong team including the Foreign Minister, M. Jean Sauvagnargues, the Finance Minister, M. Jean-Pierre Fourcade and the Minister of the Interior, M. Michel Poniatowski, himself of royal Polish descent.

A five-year economic co-operation agreement is expected to replace the simple bilateral trade agreement which expired at the end of 1974 and France is prepared to grant Poland a Frs.5bn. (about £500m.) line of credit to help finance the new coal-mining region south of Warsaw.

STOCKTAKING IN THE USSR

A gentle hint from Moscow

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

FOR ONCE, there was more than met the eye in the Soviet elections, held at the week-end, when, as usual, all candidates were returned on a near 100 per cent. poll. Apart from giving Mr. Leonid Brezhnev the chance to appear in public looking fit and well, they have, in their way, reaffirmed the leadership's authority at a useful moment.

In their way, because the point about Soviet elections is not the result, but the fact that they can be held at all. They demonstrate that the leadership is still in command, and this is important when the Kremlin is preparing to give numerous and far-reaching orders. The Soviet Union has just embarked on its quinquennial stock-taking preparation for the new Five Year Plan and the Communist Party Congress next February, both monumental tasks which will affect every sphere of Soviet life and will lay down the gospel for the next five, if not more, years.

This has happened before, of course. In 1970 plan and congress were brought into step for the first time. But that was before detente, and this year the Kremlin's task is bigger and more complex. What is more, it is inevitably overshadowed by uncertainty about Mr. Brezhnev's future, unlikely though it seems that he will relinquish power voluntarily. Intense preoccupation with domestic affairs is bound to leave the Kremlin with less time for foreign policy, which is one reason why Russian *negotiators* at the European Security Conference have begun to yield in order to get the summit out of the way before autumn.

For the first time the Soviet plan will cover not five years but 15, and it may even lay down basic guidelines up to the end of the century. Comecon's nine members will break new ground by co-ordinating their plans and budgeting for moves aimed at closer integration.

As a planning exercise alone this poses the Kremlin with some big and basic questions about the direction of the Soviet economy. Energy and raw materials, we know, are high on the list. But is there enough money in the kitty to deliver the long-promised consumer bonanza? How is Siberia to be opened up? How can management be improved? Can Russia once more become an exporter of grain? How can coordination has added to the complications. Negotiations have now reached the highest levels with Premier Alexei Kosygin bearing the brunt of a busy round of meetings with allied Prime Ministers and planners.

Gone are the days when there *were little more than ritual* encounters. The East Europeans now have well-developed ambitions of their own which Moscow is bound to take into account if it wishes to avoid damaging splits. True, Comecon integration has received a boost from the West's crisis, but Moscow, whose plan is bound to influence the thinking of the rest of East Europe, will have to balance this against individual members' desire for goods and technology from elsewhere. If, as now seems likely, the emphasis of the Russian plan will be on updating and rebuilding, for which technology will have to come from the West, the Kremlin will also have to make up its mind about what is going to happen to detente.

Should it for instance base the plan on the assumption that East-West trade will grow as fast in the next five years and that the West will go on relaxing restrictions on the sale of advanced and strategic technology? Or should the Kremlin obey its strong instinct for caution and go for less ambitious targets, but ones that have the virtue of being based on reliable, if less advanced, sources of supply within Comecon? Closely related is the size of the defence budget, officially just under a tenth of *the total budget*, but widely thought to be a much heavier drain on resources.

With Russia's foreign, particularly Western, trade now the fastest growing feature of its economy, few Soviet plans can have been so influenced by the international situation as the one now being put together. Seen in this light, Moscow's apparent haste to conclude the European Security Conference may be due not simply to its hectic schedule between now and the New Year, but also to a desire to achieve the best possible atmosphere in time for the final decisions about the Plan.

> "Intense preoccupation with domestic affairs is bound to leave the Kremlin less time for foreign policy."

As Moscow sees it, a document on European security will most effectively secure a political commitment to detente from Western countries where governments have proved highly volatile by Soviet standards. The disappearance in quick succession of three major Western leaders in *France, Germany* and the U.S. last year gave Moscow some uneasy moments, especially when a "reaction" to detente set in at parliamentary level with emergence of figures like Senator Henry Jackson. Also, the Soviet leadership was dismayed by Mr. Nixon's failure, due to Congressional opposition, to deliver the Trade Bill he had promised at the first summit back in 1972.

But Moscow is careful to play down its eagerness for trade. In an interview *earlier this month* in *Literaturnaya Gazeta*, the deputy head of the Planning Commission, Mr. Nikolai Inozemtsev poured scorn on the idea that Russia only wanted detente to obtain credit and supplies from the West to bolster its economy. The Soviet Union had successfully developed its resources by itself, he said, but it had no objection to "other countries pitching in and speeding up" the process. However, although Mr. Inozemtsev legitimately pointed out that the West's contribution in volume terms to the Soviet economy was miniscule, the real point is that what little the West does provide is normally in vital areas like energy and advanced technology.

Some Western observers have taken *these* remarks by a man who must know how the next plan is shaping up as a sign that Moscow wishes to go it alone, mainly from disenchantment with the U.S. But taking into account the heavy stress Mr. Brezhnev put on detente only last Friday, *it* looks more like a warning that attempts to put commercial pressure on Moscow are doomed. Whatever interpretation is correct, the statement showed how sensitive the question of Western "help" still is.

But though much appears to be in the melting-pot, nothing has yet come from Moscow which suggests that the new plan of the Party Congress will mark radical departures. Detente is still the keynote of foreign *policy*, and increased prosperity the goal of the economy. And, as Mr. Yuri Andropov, the head of the KGB, said in his election speech last week, there was to be no greater tolerance of dissent. If Moscow is signalling something, it is to say that at the time of thorough policy examination, the West should make its intentions clear. If it shows willing, Moscow is now in a position to build more outward-going policies into its future strategy; but if not, East Europe *has alternatives*.

Turkey hands U.S. a low-key ultimatum

BY METIN MUNIR

ANKARA, June 17.

TURKEY GAVE the U.S. to-day what is effectively a 30-day grace period before taking retaliatory steps against the Congressional arms embargo imposed last February following Turkey's *invasion of Cyprus*.

Turkish Foreign Minister Ihsan Sabri Caglayangil this morning summoned the U.S. Chargé des Affaires and handed him a Note on the Turkish Government's views.

Mr. Caglayangil told a news conference later that "Turkey has decided to negotiate with the U.S. new principles and conditions which will regulate the existing joint defence installations (U.S. bases) and their activities." The negotiations would start 30 days from to-day, and Turkey would introduce simultaneously with the start of the talks, a new regime governing the bases to remain in effect until a new agreement was negotiated.

Mr. Caglayangil did not elaborate on this status, which, he said, had been drawn up, but Government sources said it would stop or curtail the activities of some of the two dozen bases.

Mr. Caglayangil said that Turkey could reconsider its position if the U.S. Congress lifted its arms embargo.

Political sources said that the 30 days was the last deadline Turkey would recognise before taking steps against the U.S. presence here. U.S. President Ford's and U.S. Secretary of State Kissinger's recent messages to Turkish leaders recommending moderation have played a role in the setting of this deadline. Indeed, U.S. Embassy sources to-day expressed satisfaction in Mr. Caglayangil's statement. They said they hoped this would accelerate the moves in Congress to lift the embargo.

The Turkish Government is clearly expecting Congress to restore arms aid before the U.S. presence here is damaged to a point of no return.

Mr. Caglayangil condemned the embargo as a violation of agreements between Turkey and the U.S., saying it gave Turkey "*the right to take any measures* it deemed necessary at any time it finds convenient." Turkey had waited with patience and moderation but could no longer feel itself bound by all its treaties with the U.S.

● Spain and the U.S. to-day began in Washington the sixth round of their negotiations on the future of U.S. military bases in Spain.

The delegations were headed by Senor Juan Jose Rovira, Spanish Under-Secretary for Foreign Affairs, and Mr. Robert McCloskey, U.S. Ambassador-at-Large.

Spain is believed to be pressing the U.S. to leave the Spanish base at Torrejon, outside Madrid, where the U.S. stations most of the air strike force it would use in the event of war in the Mediterranean region. The aircraft might be stationed at another base, farther from Madrid.

U.S. officials believe Spain is using the presence of *U.S. bases* on its soil as a way of securing a closer defence relationship.

The current round of talks is expected to continue for several days, U.S. officials said. The last round was held in Madrid on April 25.

Reuter

Eurocourt sugar case summary

BY DAVID CURRY

LUXEMBOURG, June 17

THE EUROPEAN court of Justice has been recommended to annul fines imposed by the *Brussels* Commission on some European sugar producers and to reduce those on others. However, cases against major French, Belgian, Dutch and West German producers are well-founded and the Court should dismiss the appeals.

These are the major conclusions of the Advocate-General of the Court in his summing-up of the appeals of 16 continental sugar producers against fines totalling 9m. units of account ($11.25m.) imposed on them by the Commission in January 1973 for allegedly carving up the market and fixing prices in violation of the Community's competition policy.

The Advocate-General's opinion is not a judgement of the Court—he recommends a course of action to the judges who will pronounce a formal verdict in September or October. Although the Advocate-General's assessment of the two sides of the argument is, in legal terms, no more than a working document, in practice the final decision would normally be expected to follow along the same lines. When judgement is finally given it will bring to an end the biggest anti-trust case so far undertaken by the Commission.

One of the principal findings of the *Advocate-General*, M. Henri Mayras, is that the appeal of the six Italian producers should be allowed and that the Commission should meet their costs. He maintains that they were acting in accordance with Italian Government regulations which the Commission had not at that time challenged even though it possessed the powers to compel Rome to abandon the rules. Fines imposed on the Italian concerns totalled 1.8m. units of account (u.a.).

M. Mayras also finds that the Commission failed to substantiate its case against the Dutch producers Suiker Unie and CSM and the West German concern Pfeifer and Langen, who were accused of controlling delivery of sugar from parts of West Germany to Holland. He recommends that the fines imposed on this score should be quashed, although the companies are also involved in other charges which he finds proved. The Commission *should bear costs in* proportion to the reduction in the total fines levied against these companies.

The Advocate-General finds that Commission charges against the Dutch producers and the Belgian Raffinerie Tirlemontoise of infringing competition policy and abuse of dominant position to protect the Dutch sugar market are well-founded, and he also agrees with the Commission's charges against West German companies (Pfeifer and Langen, Suddeutsche Zucker, and Sudzucker-Verkaus) of controlling regional markets in West Germany.

Finally, M. Mayras argues that the case alleging collusion between the Belgian Raffinerie Tirlemontoise and the four French groups Sucre Say, Béghin, Sucres et Denrees, and Général Sucriére in seeking tenders for exports of sugar to countries outside the EEC is well-founded.

The Belgian company was on the receiving end of the biggest fine ever handed out by the Commission for infringement of competition policy of B.Frs.75m. (about £900,000). Fines originally imposed were: Suiker Unie, 800,000 u.a.; CSM, 600,000; Général Sucriére, 400,000; Sucre Say, 500,000; Béghin, 700,000; Sucres et Denrees, 1m.; Suddeutsche Zucker, 700,000; Pfeifer and Langen, 800,000; Sudzucker-Verkaus, 200,000; Raffinerie Tirlemontoise, 1.5m.; Volano, 100,000; Emiliana, 100,000; Sadam, 100,000; Cavarzere, 200,000; Industria Degli Zuccheri, 300,000; Eridania, 1m.

Makarios wins support

ALEXANDRIA, June 17.

EGYPT'S President Mr. Anwar Sadat, to-day reaffirmed his support for a united Cyprus with the Cyprus President, Archbishop Makarios, as its leader, Foreign Minister Ismail Fahmi told reporters here.

Speaking after a meeting between the two Presidents, Mr. Fahmi said Mr. Sadat promised continued Egyptian support for the full independence of Cyprus and its people. Mr. Sadat also spoke glowingly of the frinedly relations between the two countries and welcomed Cypriot support for Arab rights in the conflict with Israel, Mr. Fahmi said.

Archbishop Makarios is visiting Egypt as part of an Arab tour which will take him to Syria and Iraq to canvass support for an early solution to the Cyprus situation.

● The Greek Cypriot leader Mr. Glafkos Clerides, said at the *U.N. to-day* new ways to settle the Cyprus dispute would have to be sought if direct negotiations failed, but Mr. Vedat Elik, replying for the Turkish Cypriots, said that intercommunal talks were "the best and only way" to solve the problem.

Both men addressed the security council as it ended its Cyprus debate that began on Friday.

Reuter

IN BRIEF

● Riunione Adriatica di Sicurta, a leading Italian insurance company, has announced an unchanged dividend of L600 for 1974. Results will be disclosed during the shareholders assembly, next June 29. RAS shares have risen sharply on the Milan Stock market over the past few weeks, following rumours of a free capital issue. RAS, whose capital amounts to L9.6bn., is controlled by Italmobiliare, the holding company of Italian industrialist, Carlo Pesenti.

● Marine Firminy has revealed provisional net profits for six months to February 28, 1975, of Frs.18.96m. (Frs.15.12m.) for same period 1973-74.

● Oesterreichische AEG-Telefunken is paying a 1974 dividend of 9.5 per cent. (8.5 per cent.) on a share capital increased to Sch.150m. (Sch.100m.). Net profits were Sch.13.3m. (Sch.12.9m.) and sales Sch.1.6bn.—an increase of 19 per cent. The company has signed co-operation agreements with Czechoslovakia and Hungary to increase its electric machine tools and switching equipment business.

● Heublein is looking for a 12 to 13 per cent. rise in earnings and sales for the fiscal year ending June 30. In 1974, it reported earnings of $2.49 a share (fully *diluted*) on *sales of $1.3bn.* Primary earnings rose to $2.57 from $2.11 a share. The rise in earnings and sales was due to the good performance of its food and grocery business—Kentucky Fried Chicken in particular—but the spirits and wine division has slowed somewhat.

● Pernod-Ricard has announced a first-quarter 1975 consolidated net turnover of Frs.607.7m. (Frs.552.8m.).

Days of Swiss bank account system may be numbered

By John Wicks

ZURICH, June 17.

THE SWISS National Bank and the commercial banks have discussed [illegible] possibility of [illegible] system of [illegible] accounts.

National Bank sources have confirmed [illegible]

[illegible]

NEW TELEPHONE LINK WITH SPAIN

A £6.5m. British-made [illegible] cable [illegible] boosting [illegible] telephone [illegible] Britain and Spain [illegible]

[illegible]

'Libyans and Russians in world campaign against Egypt'—Sadat

BY IHSAN HIJAZI

BEIRUT, June 17.

EGYPTIAN PRESIDENT Anwar Sadat has accused Libya and the Soviet Union of conducting an international campaign against him and his Middle East policy, and charged that the crisis in Lebanon was part of this campaign.

He declared in an interview published here to-day in the leading daily An Nahar, that he intends to fight this campaign by all means in his possession and "will not allow the situation in Lebanon to be used to strike at Egypt inter-Arab solidarity."

President Sadat has sent messages to Lebanese President Suleiman Franjieh, Premier-designate Rashid Karami, Socialist leader Kamal Jumblat and Palestinian leader Yassir Arafat urging them to end the Lebanese crisis promptly "at all costs." The messages were carried from Cairo yesterday by Egyptian ambassador Ahmed Mutwalli, who had spent several days in the Egyptian capital for consultations.

The messages coincided with new mediation efforts by Syria to end the crisis here. Syrian Foreign Minister Abdel Halim Khaddam arrived unexpectedly here last night and met with Mr. Franjieh and Mr. Karami, and was meeting to-day with former President Camille Chamoun and Phalangist party chief Pierre Gemayel. The Syrian mediation has given rise to hope the three-week-old deadlock over the formation of a Lebanese Cabinet would be broken.

In his statements to An Nahar, Mr. Sadat insisted that external forces were behind the Lebanese crisis, which had taken the form of clashes between Palestinian guerrillas and right-wing Phalangists. The newspaper quoted the Egyptian President as saying that he considered himself to be in a state of war with those forces, "a war as serious as the October 1973 war with Israel." An Nahar said Mr. Sadat "named names from the Soviet Union to Libya."

The Libyan regime had begun an information drive against Mr. Sadat, accusing him of preparing to recognise the State of Israel and allowing Israeli ships to use the reopened Suez Canal.

Libyan Premier Abdel Salam Jalloud yesterday arrived suddenly in Damascus and was to proceed from there to Saudi Arabia for talks on what he called "the dangers facing the Arab nation now."

Mr. Sadat expressed satisfaction with the Syrian-Jordanian understanding arising from President Hafez Assad's visit to Jordan last week, and predicted that a summit conference of Egypt, Syria, Jordan and the PLO will follow a quadripartite meeting later this month at foreign minister level.

He praised President Ford, and said he told him at their meeting in Salzburg earlier this month that the Geneva conference must convene before the end of the year, because President Ford next year will be preoccupied with the American elections.

AP-DJ adds from Tripoli: President Sadat has forbidden Egyptians from taking jobs in Libya, sources here report, but they add that many workers are avoiding the ban.

The ban came after anti-Sadat demonstrations in Libya in early June. Libyans involved in the demonstrations said the reopening of the Suez Canal and permission for Israeli cargoes to pass through amounted to "a policy of surrender" on the part of Egypt.

Sources here report that though the work ban has prevented Egyptians from flying directly to Libya to work, large numbers are travelling via Beirut and Damascus.

Libyan authorities, who permit Arab passport holders to enter with a minimum of formalities, have apparently recognised the country's need for Egyptian personnel and seem not to have done anything to block their entry.

Of Libya's total work force of 700,00, about 150,000 are Egyptian and 50,000 other foreigners. Among the Egyptians, there are 30,000 engineers, 2,500 doctors and nurses and 10,000 teachers.

At one time Mr. Sadat encouraged these migrants, because the Egyptian economy was stagnating and there were not enough jobs, and because he needed the foreign exchange remitted by the workers. As relations have deteriorated, Mr. Sadat has spoken of recalling them, but the workers need the jobs that a still-growing Libyan economy offers them.

Israeli caution

BY OUR OWN CORRESPONDENT

TEL AVIV, June 17

THE ISRAELI Cabinet convened to-day in special session to hear the Prime Minister, Mr. Yitzhak Rabin, review his talks in the United States. A political debate was expected on the Government's next steps in pursuit of an interim agreement with Egypt.

On his return home last night, Mr. Rabin said the Cabinet had not been requested by the Americans to take any decisions on specific bargaining points, only to consider what courses of actions were appropriate.

The Secretary of State, Dr. Henry Kissinger, should not be expected to undertake another "dramatic" shuttle mission to the Middle East until at least 90 per cent. of the details have been agreed upon through "the normal diplomatic channels," the Prime Minister said.

His low-key tone and an assessment by one of his senior aides that a settlement was only about 50 per cent. certain at this point reflects a conscious Israeli decision not to get caught up in a wave of what officials here called American-inspired over-optimism, such as that which contributed to the misunderstandings that stymied Dr. Kissinger's previous mission last March.

Several issues are understood here to remain far from reconciliation following President Ford's meetings with Mr. Rabin and those with Egyptian President Anwar Sadat at Salsburg two weeks ago.

Israel has expressed a willingness to accept a three-year long Egyptian pledge not to resort to force in return for an Israeli withdrawal in the Sinai ranging 40 to 60 kilometres eastward. Mr. Rabin, however, is insisting that the commitment be both public and direct while Cairo favours a secret undertaking made only to Washington.

The Israeli withdrawal behind the strategic Mitla and Giddi passes is conditional on retaining their costly and sophisticated early-warning electronics system, installed in the eastern approaches of the passes. The newspaper, Davar reported to-day, however, that the UN peace-keeping force commander, Finnish General Ensio Siilasvuo, advised Washington that the facilities could be relocated without impairing Israeli first-line intelligence.

There is also the delicate question of linkage with a subsequent settlement with Syria. According to the Israelis, the Egyptian non-belligerency pledge must specify that Cairo will not join in any fighting that may break out on the Golan Heights, no matter which side fires the first shot.

Bid to form one black Angola army

NAKURU, KENYA, June 17.

AFTER AGREEING on measures to restore peace to their troubled land, Angolan liberation leaders to-day worked out details of the creation of a united Angola army, conference sources said.

"Things are running very smoothly indeed, and are going much better than expected," one high-level delegate said after a four-hour meeting between the leaders of Angola's three independent groups.

The conference started on Monday to try to halt months of fighting between the movements—the MPLA, FNLA and UNITA—in which as many as 10,000 persons were reported killed and to pave the way for peaceful independence from Portugal in November.

One problem to be overcome in forming any joint army was to reconcile the various guerilla troop strengths. The right-wing FNLA, for instance, has more than 20,000 men under arms, the left-wing MPLA, around 10,000 and UNITA less than 5,000. The last two groups reportedly have been recruiting thousands of new volunteers in recent weeks.

Few observers, however, believed that any of the liberation movements would totally disband their independent military structures even if the large-scale merger got under-way.

UPI

Mrs. Gandhi decides court strategy

BY K. K. SHARMA

MRS. INDIRA GANDHI, the Indian Prime Minister, has decided to continue in office and has made plans to counter possible court decisions that might come in the way.

She believes that a decision on her appeal against being disqualified from elective office will come within six months. The constitution permits up to six months to elapse between session of Parliament so that, if necessary, she may hope to avoid facing Parliament before her appeal has been settled.

The hearing of the appeal to the Supreme Court judgment against the Allahabad High Court's ruling unseating her from Parliament and barring her from holding any elective office for six years will begin on Friday.

The Supreme Court has two probable options before it, and Mrs. Ghandi has prepared to deal with both of them. The Court can either give an absolute stay of the High Court ruling, thereby giving Mrs. Ghandi a fresh lease of political life until the appeal is finally disposed of.

The other possibility is that the Supreme Court will give only a conditional stay, and allow her to remain a member of Parliament but without the right to take part in parliamentary proceedings. Since this would make her ineffective as a Prime Minister, plans have been made to forestall this possibility.

This will be done simply by not holding a session of Parliament at all since the Indian constitution provides for a maximum interval of six months between two sessions of Parliament and the last one ended in the beginning of May. Another session need not, therefore, be held before November.

A third option for the Supreme Court—giving no extension to the High Court's stay at all, and thereby forcing Mrs. Gandhi to resign—is considered unlikely since the Court normally grants a stay of some kind.

Obviously, Mrs. Gandhi is willing to face the charge that she is disregarding democratic traditions in her bid to remain in power. Significantly, no notice for the "monsoon" session has been given yet; this would normally have been done by now if Parliament is to sit from the middle of July.

The country is being prepared for Mrs. Gandhi's continuance in office in two ways. First, the Chief Ministers of all Congress-led States—these include all except Tamilnadu, Kerala and now Gujarat—will formally adopt a resolution stating that the Prime Minister must continue in office. Secondly, the Congress Parliamentary Party will meet to-day to adopt a similar resolution.

The Opposition, meanwhile, is launching a campaign seeking Mrs. Gandhi's immediate resignation and will organise demonstrations—including "hunger-strikes" and a sit-in outside Parliament House, the President's palace and Mrs. Gandhi's residence.

The Opposition campaign will then fan out into other parts of the country and thus face Mrs. Gandhi with a challenge at grass-roots level.

IN BRIEF

Bishop expelled

Anglican Bishop Richard Wood, 54, who has championed majority rule for disputed South West Africa (Namibia), has been ordered to leave the territory by next Monday. A similar order was also served the day before yesterday on Mr. Rolf Friede, Director of the Christian Centre in Windhoek.

No reasons were given for the expulsions, which were issued by the all-white Executive Committee of the Legislative Assembly which administers the territory.

Zaire coup failed

President Mobutu Sese Seko of Zaire confirmed reports of a recent abortive coup against his regime and accused an unnamed "great power" of planning it.

His confirmation took the form of a letter to the Government newspaper Elima which on Monday said the coup was "mounted, financed and directed from outside by the eternal enemies of the revolution and, more precisely, the United States of America."

While he did not name the "great power," Mr. Mobuto recalled that in a speech to a conference in Kinshasa in February he criticised what he called a U.S. policy of "destabilising African regimes."

Less U.K. migrants

Migration from Britain to New Zealand fell by 44 per cent. in the four months to April compared with the same period last year. Immigration Minister Fraser Colman said in Wellington yesterday.

Mr. Colman said 4,849 settlers arrived. He attributed the drop to immigration controls introduced in April 1974 removing the previous right of unrestricted entry to British and other citizens.

Saigon banks reopen

BANGKOK, June 17.

RADIO SAIGON to-day announced the re-opening of banks and resumption of foreign currency transactions, saying that exports and imports would be resumed with "proper profits" guaranteed and urging South Vietnamese abroad to send remittances to their families.

The radio also said in a broadcast last night that hundreds of thousands of former soldiers and others are in hiding or refusing to participate in the Communist revolution in South Vietnam.

The re-opening of the Vietnam National Bank and Vietnam Thuong Tin (Commercial Credit) banks were disclosed in an announcement of a Provisional Revolutionary Government (PRG) Councils of Ministers decision and a communique broadcast this morning.

The radio said the decision was dated June 6 and the communique on June 10, but no reason for delays in announcing them were given.

All banks in Saigon have been closed since the fall of Saigon on April 30, causing shortages of cash and other economic problems.

Shortly after seizing the city the PRG announced the nationalisation of privately-owned banks. To-day's announcements said the National Bank would fill the role of "a multi-level banking network, consistent with the new methods for economic and social management of the state."

The announcements said all foreign transactions would be handled through the Thuong Tin bank and that exporters and importers who have been allowed to resume business would be helped to contribute to the building of the new economy by "favoured credit policy and an appropriate policy on interest and foreign exchange rates aimed at insuring proper profits for exporters and importers."

A newspaper editorial quoted by the radio said that "hundreds of thousands of troops and officers of the puppet armed forces and personnel of the puppet administration and members of reactionary political parties have surrendered to the revolution and whose organisations have disintegrated . . . are living in the city like persons standing outside the people's community," and that a number of high-ranking officers of the former Government's army were still harbouring false views about the revolution.

UPI

Dacca Press ban

DACCA, June 17.

THE BANGLADESH Government has decided to close down all but four of the country's daily newspapers and all political periodicals. Most of the periodicals which are left are Government-run or deal with sport and cultural subjects.

Two of the daily papers, the Bangladesh Observer and Dainik Bangla, were declared abandoned property at the time of independence and had been run by the Government. The other two, the Bangladesh Times and Ittefaq, had sometimes been critical of the Government, and will now be run under Government management.

The measure announcing the closures, the Annulment of Declaration Ordinance, said simply: "It is expedient in the public interest to annul the declaration of certain newspapers," and "the President is satisfied that circumstances exist which render immediate action necessary."

Our Asia Correspondent adds: the curbing of Ittefaq, Bangladesh's biggest selling paper which has recently been increasingly critical of the Government, and the closure of the outspoken weeklies Holiday and Wave comes as a big blow to Press freedom and freedom of expression generally in Bangladesh. Dacca, the capital, used to have 22 daily papers, employing 1,200 journalists. President Mujibur Rahman has promised that no "real journalist" will be unemployed as a result of the measures.

Stonehouse and 'dead men's bank accounts'

MELBOURNE, June 17.

OFFICIALS OF three Australian branch banks to-day described how British MP John Stonehouse transferred thousands of pounds from Switzerland and England to accounts he opened in Melbourne under the names of two two dead men.

Some of the money was transferred to banks here before Mr. Stonehouse faked his death by drowning off Miami Beach in Florida last November 20, a Melbourne magistrate's court was told.

Mr. Richard Doak of Australia's Commonwealth Banking Corporation told the court his bank's Melbourne branch received a telegraphic transfer of $A9,500 (£5,428) from the Swiss Banking Corporation on January 8 for Mildoon.

Mr. David Rowland, of the Australia and New Zealand Banking group, identified Mr. Stonehouse as the man he saw last November 28 — while the MP was still missing — who deposited $A22,000 in cash into a savings account in the name of Mildoon.

Mr. Peter Street, an accountant with the New South Wales Bank, said he had received an overseas warrant for the transfer of £14,100 to open a savings account in the name of Markham late last October. Reuter

HOME NEWS

Industrial production falls to near 3-day week level

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

INDUSTRIAL production in the U.K. has fallen sharply in recent months as the domestic recession deepens in a time of falling world trade.

Figures issued by the Central Statistical Office yesterday show that between March and April industrial output in the U.K. fell almost to the depths reached during the 3-day week early last year.

Output dropped another 0.9 per cent. on a seasonally adjusted basis between the two months, bringing the official indexbase 1970=100—down to 102.5.

Previous estimates for production in February and March have been revised downwards by ½ per cent. and 1 per cent. respectively, and in the three months February-April taken together output is calculated to have been 1 per cent. down on the previous three months for all industries, and 1½ per cent. for manufacturing industry alone.

Government statisticians believe the underlying fall to have been rather sharper than this, however, because in the November-January months production is thought to have been artificially depressed by the longer Christmas holiday season.

The latest decline means that output in this country during April was running only 2½ per cent. above the average level achieved in 1970.

By comparison with the level of output reached at the heights of the boom in August-October, *1973*, production in these latest three months has been 7 per cent. lower.

The biggest falls have been in chemicals—down 5.1 per cent. between November-January and February-April and metal manufacture (mainly steel)—down 7.0 per cent.

An analysis of market sectors shows the reduction to have been greater in the consumer goods industries (1.3 per cent. lower over this period) than in capital goods (down 0.5 per cent.).

The production trend is likely to deteriorate further as the year goes on, according to the latest Confederation of British Industry trends inquiry.

In the follow-up to the big April trends survey the CBI found last month that 55 per cent. of respondents in manufacturing industry had experienced a downward trend in new orders during the past four months, and only 24 per cent. reported an increase.

Only 18 per cent. of firms expected the volume of their output *to rise in the coming four* months, and 37 per cent. predicted a fall. The negative balance of 19 per cent. compared with a negative balance of 16 per cent. in April.

The CBI stresses that, even in value terms, the intake of new orders and of new export orders has fallen over the past four months for more than half of *manufacturing industry*.

None of these trends augurs well for the June unemployment figures, due to be published tomorrow.

Following the sharply rising trend in unemployment experienced since the end of last year, official and private forecasters have been revising forwards their predictions of when the unemployment level will reach 1m. to this coming autumn.

INDUSTRIAL PRODUCTION

Production * 1970=100

		All Ind.	Mnfg.
1973	1st	109.9	109.9
	2nd	109.6	110.0
	3rd	110.7	111.5
	4th	109.5	110.5
1974	1st	103.7	106.0
	2nd	108.0	109.6
	3rd	108.7	110.3
1975	Jan.	105.0	106.8
	Feb.	105.0	106.4
	Mar.	103.4	103.3
	April	102.5	103.2

* *Seasonally adjusted*

Chairman appointed for Alfred Herbert

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ALFRED HERBERT, the machine tool group which is the subject of a Government financial rescue operation, has found a chairman after 14 months without one.

Mr. John Buckley has accepted the appointment as acting non-executive chairman "during the current period of reconstruction."

Mr. Buckley is chairman of Davy International, the engineering and contracting group. He was appointed to the Herbert Board last March at the request of Mr. Anthony Wedgwood Benn, the Industry Secretary.

Last night he commented: "I think the company needs a new focal point around which it can be reconstructed. And somebody had to do that job.

"Because of my appointment as non-executive director, I found I was more or less doing the job in any case.

"But I will be dealing only *with absolutely essential basic* policy. There is no question at all of me concentrating less on my work at Davy.

"The Herbert appointment will certainl ybe only a temporary one."

Mr. Buckley maintained that his first task would be to press for the Government to give a speedy decision on the joint proposals for aid and restructuring put by the Herbert *management and unions*. "The pace will now tend to quicken," he promised.

Herbert has been without a chairman since the resignation *of Sir Richard Young* who received £67,000 in compensation for loss of office when he left the group.

At one stage it looked as if Sir Raymond Brookes, recently retired chairman of Guest Keen and Nettlefolds, might take on the chairmanship, but this fell through.

A Government announcement about financial assistance for Herbert—which has made losses totalling £14m. over the past four years—has been delayed first by the referendum campaign and *then the switch of Mr. Benn from* the Industry Department. It is assumed that Herbert will get a cash injection of between £17m. and £20m. in return for a Government majority shareholding.

BSC deputy chairman criticises 'interference' in State industry

BY ARTHUR SMITH

VIGOROUS CRITICISM of Government *interference* in the affairs of nationalised industries came yesterday from Mr. Mark Littman, deputy chairman of the British Steel Corporation.

In recent years State-owned industries had tended to be treated as instruments of Government and even political policy, he told the congress of *the European Centre of Public* Enterprise, in London. He went on to suggest that a possible solution might be found more easily within the European Economic Community than at the national level.

Sir Arthur Hetherington, chairman of British Gas, and Sir Derek Ezra, chairman of the National Coal Board, drew attention to energy wastage created by governments pegging prices at too low a level.

The Prime Minister has agreed to meet a delegation representing the heads of Britain's State-owned industries to discuss their relations with Government.

Restricted

No date has been fixed for the meeting and it is understood that Mr. Wilson has called on the delegation to prepare first a written submission of their arguments so that he can deal with them in a reasoned manner.

Sir Derek Ezra cited the *energy industries as an example* of where governments had restricted prices to well below cost in order to control the retail price index.

"*This has been* contrary to the interests of energy conservation, the deployment of resources and, in the end has, I believe, aggravated rather than *reduced the problem of inflation* itself."

"Great care therefore needs to be taken to ensure that short-term solutions are not imposed on public enterprises which, although popular at the time, will in the long run create more problems than they solve."

Mr. Littman said no one disputed that the State should have *ordinary powers of accountability* which any owner of an enterprise would expect. "However, experience in many countries suggests that government, in response no doubt, to pressures, tend to go far beyond this."

There was a tendency in some cases to challenge the judgments of the boards and managements of public enterprises on matters *such as commercial and investment* policies. "This 'double guessing' can be unhelpful and even counter-productive."

In recent years, there had been a tendency in the U.K. for the nationalised industries to be used as instruments of government and even political policy on issues such as prices, wages and investment.

"Public enterprises are in danger of being deflected from their main economic functions by short-term political considerations to the prejudice of the public interest."

Mr. Littman suggested that the congress, with its range of knowledge and experience, might play an important role in helping to find an answer to the problem.

"It may be easier to work out solutions at the community rather than the national level, because of the intense political pressure which sometimes prevails at the national level."

Since BSC entered the Coal *and Steel Community* it had enjoyed greater commercial freedom and flexibility on pricing than previously, he pointed out.

M. Pierre Mathijsen, a director in the Competition Directorate of the Commission, responded to criticisms raised at the congress that the Commission was not sufficiently *representative* of business enterprises.

A meeting would be arranged towards the end of the year to intensify the rapport between the European nationalised industries and the Community, he said.

Five new SE candidates

BY MARGARET REID

SIXTEEN candidates are contending for 14 vacant places for London members in the Stock *Exchange Council election to be* held on Friday, while six candidates for the other regions are returned unopposed.

Among this year's candidates for the 47-strong council, whose members are elected for three years, is Mr. Michael Marriott, who has already been voted as the new chairman in succession to Mr. George Loveday, who is retiring from the council. Mr. Marriott is expected to be formally elected as chairman by the new council, when it meets on Wednesday next week.

Of the 16 candidates for the available London places, five would be newcomers to the council, while 11 have been previously elected. The latter include Mr. James Dundas Hamilton, who is one of the present deputy chairmen, the other being Mr. David LeRoy-Lewis. Deputy chairmen will also be elected next week and Mr. Marriott has already said he hopes both the existing holders of that office will continue.

Of the 16 London candidates, the 11 previously elected to the Council are Mr. K. H. M. Crabbe, Mr. F. T. Powell, Mr. P. H. Swan, Mr. P. S. Wright, Mr. N. P. Goodison, Mr N. Assheton, Mr. D. P. M. Malcom, Mr. R. H. M. Marriott, Mr. J. Dundas Hamilton, Mr. S. B. Gibbs and Mr. J. D. I. Cowper.

The five who, if elected, would be joining the Council for the first time, are Mr. D. H. Starling, Mr. S. E. J. Rven, Mr. C. R. J. Eglinton, Mr. F. C. E. Telfer and Mr. W. L. H. Thring. Mr. Starling, Mr. Raven and Mr. Eglinton are the three among the London candidates who are aged less than 40.

Results of the election will be known on Friday evening. Those returned unopposed to fill vacancies for the regions are: Scottish, Mr. G. R. Simpson; Midlands and Western, Mr. R. L. Harris; Northern and Belfast, Mr. J. A. P. Norris and Mr. L. G. Mayhew; and Provincial, Mr. M. N. Codd and Mr. J. B. R. Vartan.

Life assurance premiums up 16% last year

BY ERIC SHORT

ANNUAL PREMIUM income of U.K. life companies last year rose by 16 per cent. to £2.42bn., according to figures released *yesterday by the three life associations*. Single premium payments were £20m. higher at £890m., while investment income from life assurance and annuity funds in 1974 totalled £1.57bn.—an improvement of 17 per cent. on the previous year.

The total benefits paid out over the year amounted to £2 19m., equivalent to £42m. per week. After allowing for expenses and taxation, the net cash inflow to U.K. life companies reached £1.52bn. This figure represents the amount of money *made available for new investment* in 1974 through life assurance savings.

Because of the falls in the stock and property market during 1974, *the value of life assurance* and annuity funds at the end of the year showed a decrease of £600m. to £19.6bn. despite the positive cash flow. But because of the long-term nature of life assurance, the market value *of assets on any particular date* is of much less importance than the income which these assets produce.

Mr. K. H. Allen, chairman of the Life Offices' Association, said these figures reaffirmed the public's continuing confidence in life assurance as a valuable means of personal savings.

AMADA UNITED KINGDOM, West Midlands, has received its first order, worth more than £70,000, *for an NCT555 numerically controlled* turret punching machine from R. E. Cooke and Son (Burton). It is believed to be the first machine of its type in the U.K. incorporating a built-in mini *computer in the N.C. control, thus* eliminating a large part of the post-processing.

Floating of currencies 'only partly successful'

BY MICHAEL BLANDEN

FLOATING CURRENCIES have only a qualified success in achieving the main aims claimed for them by their advocates, it was argued yesterday by M. Cecil de Strycker, Governor of the National Bank of Belgium.

He pointed out that there had been extensive intervention by central banks to control the increased day-to-day volatility of exchange rates. The size of the dollar market, however, and the "reluctance of the U.S. to adopt a policy of systematic intervention, sets limits to this action."

M. de Strycker drew attention to the emergence of a number of blocks within the general *floating of currencies*. These included the U.S. and Canadian dollars; and particularly the European snake, being extended with the inclusion of the French franc and the association of other currencies such as the Swiss.

He thought this tendency might be indicative of a move towards a multi-polar system of exchange rates "*in which authentic* flotation will be limited to the relationships between certain groups of currencies."

Flotation did not release central banks and monetary authorities from pursuing the task of reforming the international monetary system. The adoption by the IMF of a "code of good conduct" for the flotation of currencies should be considered as a first step on the road to the "necessary re-establishment of international monetary discipline."

The discipline would have to be more supple than in the past. But "close and sustained collaboration between monetary authorities has never been more indispensable than now."

M. de Strycker was speaking on the subject of "Fixed or Flexible Rates" at the annual luncheon held by the Belgian Chamber of Commerce in Great Britain. Examining the experience of floating rates, he pointed out that they had put an end to the recurrent exchange crises which were a feature of the final years of the fixed exchange rate era.

But "the pronounced fluctuations in exchange rates, which have taken the place of the former crises all the same conceal substantial capital movements and in the long term can pervert the normal course of the adjustment process."

He pointed out that, of the 130 or so currencies of the IMF members, only about 15 were major currencies which could be considered as truly floating. Their position was not the result of any collective decision taken in the cold light of reason, but had been reached over a period as the result of individual decisions largely imposed *by circumstances*.

Even then, the intervention by the authorities suggested that the pendulum was now swinging away from greater flexibility. Other claims made for floating rates had to be qualified in the light of experience, he said. In particular, there was little evidence that they had helped the adjustment process in all countries—in some, such as Germany, they had *not prevented a worsening of imbalances*—nor *that they had* contributed to the fight against *inflation*. "*It is very probable* that accentuated fluctuations in exchange rates create an unfavourable climate for the struggle against inflation."

Road transport recruitment warning

A WARNING that recruitment to the road transport industry in 1975/76 will be 35 per cent. below the level of the U.K.'s long-term requirements has come from the Road Transport Industry Training Board.

In a comprehensive study of *manpower and training needs in* the industry from 1967-1980, the RTITB points out that the primary cause of this under-recruitment is the present recession in the U.K. economy.

The study claims that the industry will recruit 23 per cent. less apprentices in 1975/76 than in 1974 and, as a result, longer-term training will once again become the casualty of short-term economic difficulties.

"The worst effect of these difficulties," it says, "will be felt at the time the U.K. is reaping the benefits from North Sea Oil exploitation."

The economic fluctuations of the British economy have, the study says, affected road transport particularly badly because *of its nature as a labour-intensive* service industry consisting predominantly of highly-fragmented economic units. It is also claimed to be especially vulnerable to the employment policies of other industries.

The Board's 1974 manpower census showed there were 848,000 people employed in the industry. This figure compares with the 1970 peak of 910,000. Nevertheless, it estimates that the manpower figure will climb back to around 900,000 by 1980.

The major occupational groups in 1974 were drivers and craftsmen, although there is reported to be a long-term trend for an increasing proportion of the industry's workforce to be employed in managerial and back-up functions.

Manpower 1975. Study of Manpower and Training Needs in the Road Transport Industry 1967-1980. RTITB. Capitol House, Empire Way, Wembley, Middlesex HA9 0NG.

Warning on archery sets

A GOVERNMENT appeal was made to shopkeepers yesterday not to sell crossbows and archery sets designed for sportsmen as children's toys. They are high-powered weapons and potentially lethal, said the Department for Consumer Protection.

The Department also warned that bows and arrows designed as toyse could be dangerous, too, unless the arrows had blunted ends protected by securely fixed rubber suction pads.

Leasing accounts for 7% of U.K. expenditure

BY PETER FOSTER

LEASING NOW accounts for 7 per cent. of all capital expenditure in the U.K., Mr. Geoffrey Dodsworth MP, chairman of the Equipment Leasing Association, *reveals in the ELA's annual report*, published to-day.

Mr. Dodsworth points out that the overwhelming bulk of this business is undertaken by members of the ELA, whose current leased assets exceed £1bn.

He notes that the consequence of this growth has been that authorities and certain other bodies have, and are, "becoming increasingly and deeply involved" with the activities of lessors.

Stressing the increasing volume of legislation which affects leasing, Mr. Dodsworth claims: "given equality of treatment and whatever might be the prevailing fiscal system, the leasing industry will continue to expand and become increasingly recognised as a *primary means* of aiding investment and of contributing to the volume of invisible earnings."

The association reveals that it recently sought and was successful in gaining an amendment to the Industry Bill preserving the *rights of lessors in the event of* a company's assets being taken over by the National Enterprise Board.

The ELA was also successful in persuading the Department of Prices and Consumer Protection to permit tax-variable rentals under the Government's counter inflation legislation.

Referring to the Consumer Credit Act, the association stresses that the detailed nature of the requirements for advertising and quotations spelt out in a consultative paper by the Department of Prices could have adverse effects.

"There is a risk," the report states, "that lessors, in order to avoid the pitfalls in the draft regulations, may provide less *information rather than more*, and this of course would defeat the object of the exercise."

HOME CONTRACTS

David Brown gear units for Navy

DAVID BROWN GEAR INDUSTRIES has supplied a 145-ton complete geared transmission to Vickers Shipbuilders at Barrow in Furness, ready for installation in the first 16,000-ton through deck cruiser HMS Invincible, now being built for the Royal Navy. This main propulsion gear unit will be fitted in the vessel's starboard engine room. *A second unit is in* course of manufacture for the port engine room.

★

BELLWAY, Newcastle upon Tyne, has been awarded a £1,563,090 contract for the erection of 175 dwellings at Cramlington, Northumberland, for the Borough of Blyth Valley. The tender was *for a design-and-build contract* for bungalows and terraced dwellings. Work is due to start before the end of June.

★

WALCON, Twyford, Hants., has received an order for the supply and installation of new pontoon berths which will more than double the size of St. Katharine Yacht Haven, E.1. The company has contracted to have 106 new pontoons installed in the *Haven's* West Basin by the beginning of August. These will provide additional berths for the 110 extra boats booked in for the Port of London Clipper Regatta, including competitors in the Financial Times Clipper Race and 30 sail training ships. The work will give St. Katharine Yacht Haven a total of 176 berths.

★

JOHN LAING CONSTRUCTION, Midlands region, has won its fifth contract—worth £1.3m.—at the University of Warwick, Coventry, for a social studies building. A three-storey building will house the faculties of industrial relations, research, business studies, economics, education, law, sociology and psychology. It will include lecture theatres, rooms for seminars, case studies and research and offices for professors and tutorial staff.

★

GEORGE LAW, Kidderminster, has received a contract worth £1,425,945 from the Tame division of the Severn-Trent Water Authority to extend Brickhouse New Works press plant.

ADVERTISEMENT

We'll take more care of you

No 1

British airways ANNOUNCE

Wednesday, June 18, 1975

Fly the flag

Los Angeles lands great non-stop service

FLYING WEST IN A BIG WAY

By Announce Reporter

A DAILY non-stop service from London Los Angeles using the wide-bodied comfort of a DC 10 aircraft has just been introduced by British Airways.

The airline has leased the DC10 from Air New Zealand specifically for the purpose. The aircraft will fly in New Zealand colours, but it will have British Airways pilots, engineers and cabin crew on board.

Passengers flying on to New Zealand will be able to do the entire journey in one aircraft.

Air New Zealand crews will take over in Los Angeles for the second leg of the journey to Auckland.

Seating

The DC10 will leave London at 1610, arriving in Los Angeles at 1915. In the opposite direction, the aircraft departs Los Angeles at 1830, arriving in London at *1240 the following day.*

Seating in the DC10 will be 24 first class places and 219 economy seats.

All the seats have a push-button lumbar support to give maximum comfort, and the eight-foot ceiling means that no one has to stoop.

Fares between London and Los Angeles will range from £180.30 for a winter advance purchase excursion (APEX) ticket to £633.80 first class.

Strong

British Airways sees the introduction of a non-stop over-the-Pole service from London to Los Angeles with the DC10 as a big breakthrough.

Britain has strong and growing ties with California, whose record of sustained economic growth has few parallels anywhere else in the world, and the airline anticipates a big demand for seats in both the business and holiday markets, as well as from people wishing to continue their journey onwards to New Zealand.

'Facts – that's what people want'

Henry Marking: "We have a tremendous amount of news"

WHAT business people want in advertising is information: they want facts. That is the principal reason behind "Announce", a new style in airline advertising.

Henry Marking, Managing Director of British Airways, said we wanted to give facts which could help to make travel easier for our passengers.

"Most people" he said, "even those who seldom fly, are genuinely interested in aircraft and air travel. If an airline advertisement gives them facts that really are important and not just advertiser's purple prose, they are more likely to read it and find it helpful".

"British Airways is the world's largest and, I hope, best international airline, and we aim to give far more travel information to the public than was possible through conventional advertising".

Style

"By adopting a newspaper style", he continued, "we have given space to news that would never appear in normal advertising.

"We have a tremendous amount of news — new aircraft types, new destinations, changes in schedules, special fares and so on. There's probably not another advertiser in the country who could do this.

"I believe that travellers — in particular regular business passengers — will appreciate this new information service".

Trident is the fast way North

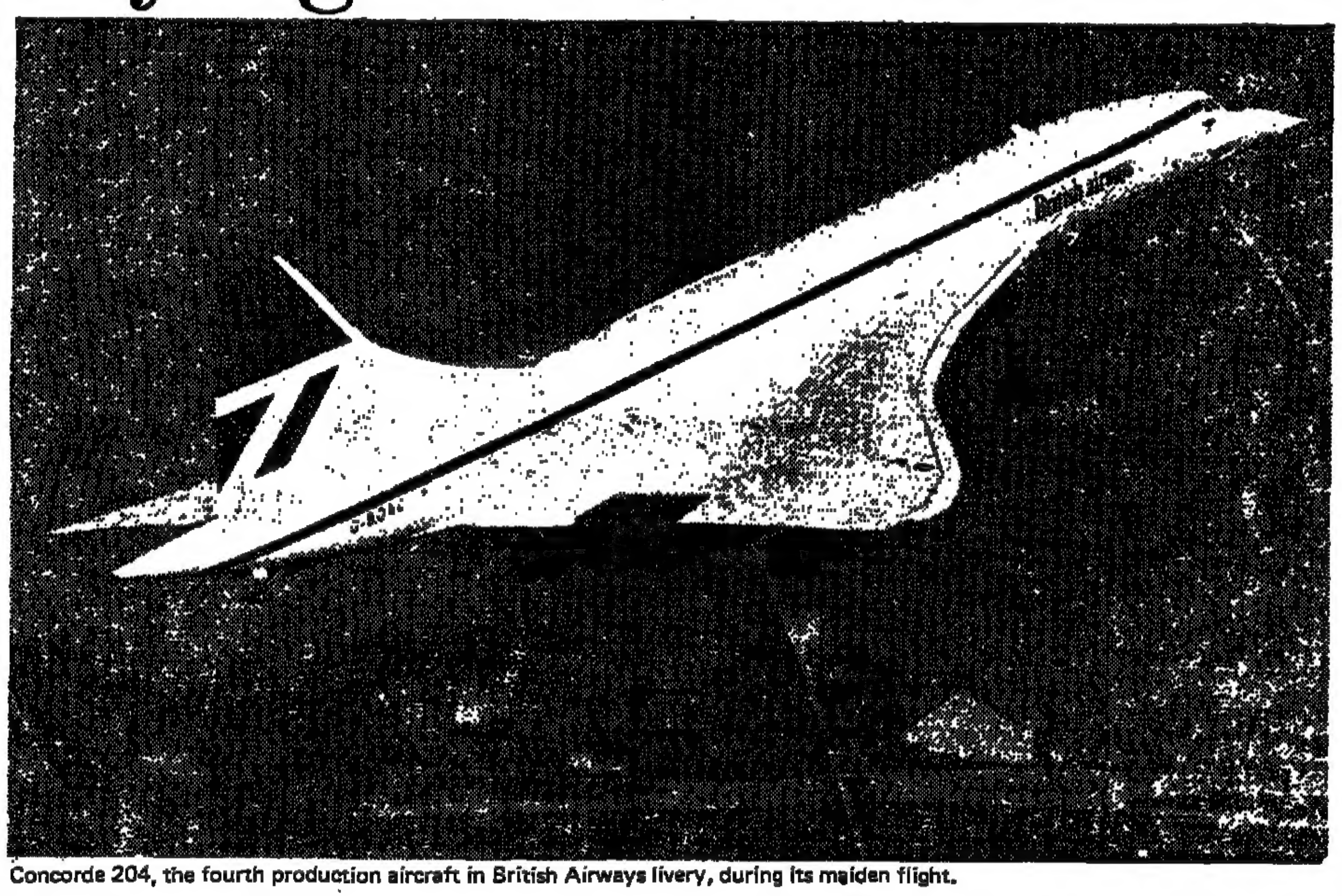
THE fastest way between Newcastle and London is British Airways' Trident Service.

There are up to five return flights every day, and the flight time is only 55 minutes. Another advantage for travellers is that Newcastle airport is only six miles from the city centre.

Ping-pong flights

BRITISH Airways was official carrier for many of the 70 teams taking part in the 33rd World Table Tennis Olympiad held in Calcutta. After the championships, the airline flew the Chinese, Hong Kong and Macao teams to Hong Kong and the Brazilian team to London.

Flying East—in Concorde



Concorde 204, the fourth production aircraft in British Airways livery, during its maiden flight.

BRITISH AIRWAYS' first passenger service with Concorde will be to Bahrain, either later this year or early in 1976. Transatlantic flights will follow shortly afterwards, providing the necessary landing permission in New York is obtained.

It is now clear that British Airways and Air France will **begin flying Concorde commercially on the same date, with the French airline flying to Rio de Janeiro and Sao Paulo, via Dakar.**

Concorde Special Report

The choice of Bahrain for British Airways' first service reflects the growing importance of the oil rich gulf.

Departures from London will be on Monday and Wednesday mornings, with the return flights on Tuesday and Thursday. Timings will be designed to give good connections to North America, Europe and other Gulf points.

Australia

Bahrain also forms the first part of the route that is planned for Concorde to Singapore and Melbourne. This could link the UK and Australia in under 14 hours and will present a new dimension in commercial aviation.

Already various Concordes have carried hundreds of passengers to destinations on every continent. Later this summer a series of 'shadow' flights for route development purposes will begin, and by the time Concorde starts regular scheduled flights it will be the most tested and proven airliner ever to enter passenger service.

CARTOON BY ROSS

Guide for business travellers

TWO booklets which should prove invaluable to the business traveller are to be published shortly by British Airways.

"Business Travel — Services and Facilities" and "Business Travel — Fares and Pricing" will provide a fully-costed reference to special group packages for conventions, study tours, trade fairs, incentives and other fares.

More than 150 special group business fares and packages are listed in the two publications.

Mr Eric Thomas, British Airways' Business Travel Manager, said that the booklets would add a new dimension to the airline's service to customers, providing "off the shelf" travel for the first time.

The Jersey jet set

JET services on routes between Jersey, Manchester and Birmingham have been introduced for the first time by British Airways.

The new weekend services by BAC 1-11 jets provide two return services from Birmingham and one from Manchester on Saturdays and on Sundays. And these new jet services are in addition to the daily Viscount operations.

Sovereign is back in Cyprus

SOVEREIGN holidays to Cyprus started again on June 1. Holidaymakers can stay at hotels in the Limassol area and in Paphos.

Flights to Cairo boosted

SERVICES to Cairo and Dhahran are being stepped up by British Airways from three to four a week to strengthen still further its coverage to the Middle East.

The airline is already offering the most comprehensive network of services to the area, with daily flights to Beirut, Teheran and Bahrain.

Beirut is served on a daily non-stop basis, with flights leaving Heathrow at 1115.

To Bahrain, it's nine flights a week, and the schedule includes four non-stop Boeing 747 flights.

Teheran's daily service includes two non-stop 747s. No *flight has more than one stop* en route.

British Airways also flies to eight other points in the Middle East. They are Damascus, Baghdad, Kuwait (with non-stop VC 10s), Doha, Abu Dhabi, Dubai, Muscat and Jeddah.

More and more businessmen are asking for direct flights to the Middle East these days. British Airways is there to supply the demand.

First class to German cities

By Announce Berlin Correspondent

FIRST CLASS travel between London and six key business centres in West Germany is offered this summer by British Airways.

This means that the British businessman benefits from the added space and comfort of first class travel when he flies from London to Cologne, Frankfurt, Düsseldorf, Hamburg, Munich or Stuttgart.

He'll be able to plan his day better too, thanks to improved morning flight timings to Frankfurt (0955), Düsseldorf (0915), and Hanover (1115). So apart from anything else, he can get out to the airport at a civilised hour.

Timetable

This is how the timetable from London will look:

Frankfurt—0955, 1310 (both daily) and 1700 (daily except Saturdays).

Munich—0925 and 1620 (both daily)

Stuttgart—1555 (daily).

Cologne—1605 (daily).

Düsseldorf — 0915, 1735 (both daily) and 1930 (daily except Saturday).

Hamburg—0935 (daily except Sunday) and 1720 (daily).

Hanover—1115 (daily).

Bremen—1610 (daily).

Berlin—1110 (daily non-stop), 1115 (daily via Hanover) and 1610 (daily via Bremen).

Berlin, Munich and Düsseldorf will also be served from provincial centres in the U.K.

For more details see your local travel agent

Shuttle makes everything easy — even the paying!

Pay as you please on Shuttle

IN SPITE of all the problems the London-Glasgow Shuttle has got off to a good start. Now about 2,500 people on average are using the service each day. And now there's even more good news, passengers have no less than three ways to pay. They can get their tickets beforehand at their travel agents, from the Shuttle desk at the airport just before they board, or, if they're really in a rush, they can pay on the plane. Whichever way they choose, they're guaranteed a seat. Shuttle flies hourly every weekday between 0800 and noon, and from 1400 till 2000. Weekends, it's roughly a two-hourly service between 0800 and 2000, but check with your Travel Agent for details.

Shuttle. Just turn up and take off. It's as simple as that.

Check-in speeds up

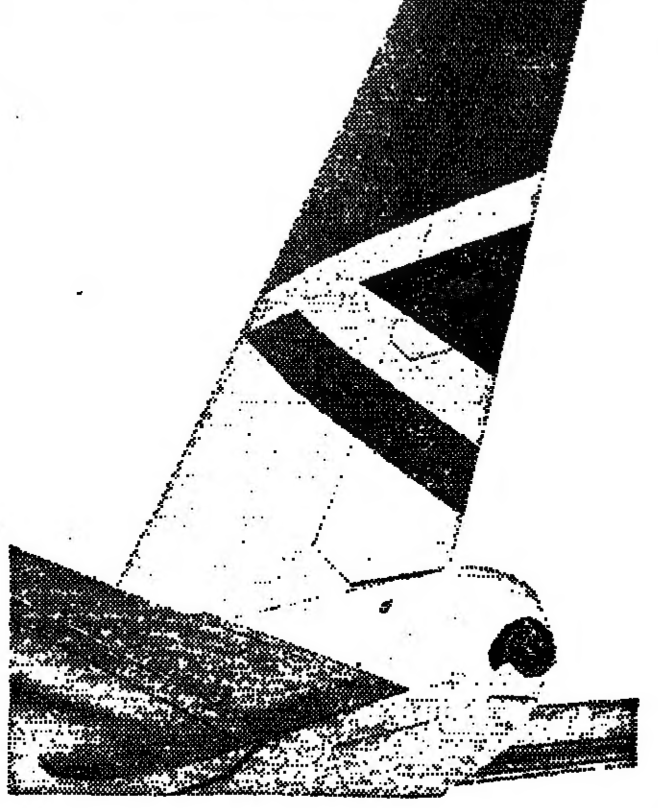
AN experimental excess baggage system has been introduced on the London-Paris route to speed up passenger check-in. The scheme, introduced by British Airways in conjunction with Air France, means that passengers are charged a flat rate of £2 or 20 Francs for each additional item of baggage over and above one piece checked into the aircraft hold and one small cabin bag. If the experiment is successful, it could be extended to other routes between the UK and France from November 1.

We fly the flag direct to Jo'burg every evening.

747s at either 2000 or 2145 depending on which day you fly.

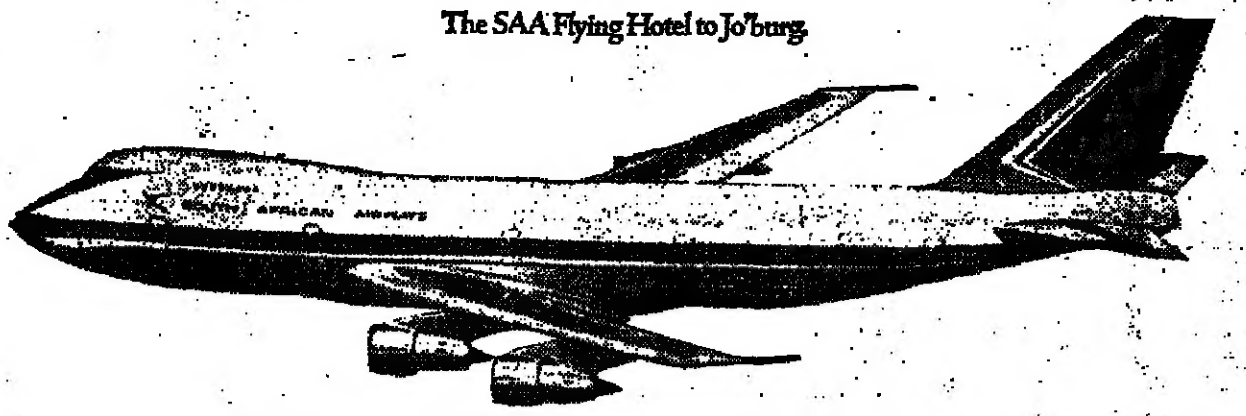
With our special brand of care and attention on all of them.

Details from your Travel Agent or British Airways shop.



British airways

We'll take more care of you.



HOME NEWS

Labour moderates launch national anti-Left alliance

BY JOHN BOURNE, LOBBY EDITOR

THE SOCIAL Democratic Alliance—an embryo national organisation of Labour moderates dedicated to loosening the grip of the Left on many sections of the movement — was launched yesterday.

It has been set up by a group of Labour councillors, trade unionists, former Parliamentary candidates and constituency party officers. It claims that it is the first formal national grouping to appear on the Right of the Labour Party since the Campaign for Democratic Socialism was established in the early 1960s to support Mr. Hugh Gaitskell's fight against the Left.

Claiming about 100 supporters already, its organisers said they would be looking to social democratic members of the Cabinet, like Mr. Anthony Crosland and Mr. Denis Healey, for moral backing.

They have already had pledges from Mr. Reg Prentice and Mr. Roy Jenkins, although MPs will not be eligible to hold office.

The organisers agreed that there was a close parallel between their desire for an open debate on measures to combat inflation and the desire of Mr. Hugh Gaitskell, on becoming leader of the party, for an open debate on certain major issues. In Mr. Gaitskell's time, unilateral nuclear disarmament and the party constitution on nationalisation were the key issues.

The Social Democratic Alliance will have no formal members but welcomes subscriptions. It seeks to persuade the majority of moderate rank and file members in trade unions and constituency Labour parties to speak at branch and party meetings when important issues may be decided. It argues that the minority "activists" on the Left are often successful because they pack meetings or stay on until other members have left.

The Alliance hopes that like the Campaign for Democratic Socialism, which organised the reversal of the famous Labour Party decision on nuclear disarmament, it will secure the election of more moderate delegates to trade union and Labour Party conferences as well as the election of more moderate trade union officials.

Public ownership

The SDA, which plans to publish a regular news letter, intends to "identify" supporters in the various sections of the movement and then to brief them with information and alert them about pending key issues.

On inflation, it was said at the launching that the Government must be able to fall back on a statutory wage freeze if it failed to reach an effective voluntary agreement on wage restraint with the unions. Admitting that this would be in breach of the pledge in the last Labour manifesto, one speaker pointed out that the manifesto also promised to fight inflation. "It would therefore be a question of sacrificing one pledge to achieve the other and more important one," he said.

The Alliance intends to rally to the defence of any Right-wing and Centre Ministers or MPs, such as Mr. Prentice, who come under attack from the Left in their own constituency Labour parties. Mr. Lou Britz, one of the organisation's steering committee and London district secretary of the electricians union, also argued the case for "extending the franchise in constituency Labour parties." He pointed out that, in his own union, officials were elected by a postal ballot of all the members.

The SDA's three page manifesto claims that the party is in danger of being driven from its historic course by intolerant dogmatism.

Supporting the concept of a mixed economy, it says: "Public ownership is not an end in itself and should be justified on its merits in each case. We seek a society where the agglomeration of arbitrary power in the public and private spheres is limited."

It gives a high priority to conquering inflation: "We must begin quickly to restore stability and be prepared to make sacrifices, both ideologically and materially, to save our democratic system from the anarchy and upheaval inflation will otherwise bring."

On the present crisis, it says: "The people are aware the situation is grave, but responsible leadership in politics, industry and the unions is now urgently necessary to unify and rally the nation in facing the stressful period ahead." The manifesto says the SDA is committed to the Western Alliance.

The officers of the SDA are: Chairman Mr. Peter Stephenson, editor of Socialist Commentary; vice-chairmen Mr. Bob Cochrane, leader of NE Derbyshire District Council, and Mr. John O'Grady, leader of Southwark Borough Council; joint secretaries, Mr. Stephen Haseler, member of the GLC for Haringey, Wood Green, and Mr. David Carlton, former Parliamentary candidate for Tynemouth; Treasurer, Mr. Douglas Eden, member of the GLC for Hounslow, Feltham and Heston.

APPOINTMENTS

Ault and Wiborg group posts

Dr. John Middleton has been *appointed to the Board of* AULT AND WIBORG GROUP as chief executive of its chemicals division. Mr. B. E. Smith has become managing director of the subsidiary Acalor International and has been succeeded as group secretary by Mr. D. J. Smith. Mr. J. Smethurst, formerly managing director of the pigments division, Ciba-Geigy (U.K.), is now a *consultant to Ault and Wiborg Group.*

★

Mr. Dennis Fleischer has been appointed a director of STYLO BARRATT SHOES and becomes deputy managing director of the Baratt Division.

★

PATERSON ZOCHONIS & CO. has announced that Mr. S. H. Cussons has joined the Board. Mr. G. A. Loupos has become managing director of Cussons Group and Mr. J. B. Zochonis and Mr. B. Spoudeas have been appointed directors. Mr. J. R. L. Lee has been made managing director of Roberts Laboratories and also joins the Board of Paterson Zochonis U.K.

★

Mr. Paul Berent, managing director of European Market Research Bureau, is the new president of the INTERNATIONAL MARKETING FEDERATION.

★

Mr. John Lees has been appointed to the Board of Mack & Edwards (Distributors) and Mr. Vivian Foot and Mr. Victor Sullivan have become directors of Mack & Edwards (Southern), members of the MACK ORGANISATION.

★

Mr. G. M. Hodsden and Mr. A. Jayasingha have been appointed directors of the main Board of WILLINGS INTERNATIONAL.

★

Mr. Alan G. Masters has been appointed an executive director and finance director designate of BERRY WIGGINS AND CO.

★

Mr. A. Connor Wilson has retired as managing director of AIRFLOW DEVELOPMENTS and becomes chairman. Mr. G. L. Myles has been appointed managing director. Mr. P. Bagley, design and development director; Mr. R. Barnett, works director; Mr. D. Layzell, financial director and secretary; and Mr. B. Wilson, marketing director, have been appointed to the Board.

★

Mr. N. J. B. Salmon is to retire from the NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA on June 30 after over 43 years' service. He will be succeeded as manager for the U.K. and Republic of Ireland by Mr. D. C. Ashenden.

★

Mr. H. F. S. Kimber, general manager, and Mr. M. W. Stone, secretary, are to be made additional directors of SOUTHERN NEWSPAPERS from July 1.

★

Mr. R. E. L. Pullman, general manager, and Mr. W. G. F. Didham, secretary and deputy general manager, have been appointed additional directors of SOUTHERNPRINT from July 1.

★

Mr. G. M. Hughes, manager of W. H. HALLETT (Times-Herald Newspapers), has been appointed an additional director from July 1.

★

Mr. Chris Vernon has been appointed deputy chief executive director of JOHN WILLMOTT (LONDON).

★

Mr. J. W. Buckley has accepted the appointment as acting non-executive chairman of ALFRED HERBERT during the current period of company reconstruction.

★

Mr. Neville Stokes, a director and general manager of S. E. CHEMICALS, has been appointed managing director of that company, which is a member of the Halma Group.

★

Following the death of the chairman of ESTATES AND GENERAL INVESTMENTS, Sir Leonard Dyer, the company has been advised to appoint an *additional director to maintain* the minimum number of three directors. Mr. P. N. Berry has joined the Board and continues as secretary.

★

The following have been elected to the council of the WINE AND SPIRIT ASSOCIATION for 1975/1976: Mr. J. Bateman, Mr. G. L. Gordon Clark, Mr. M. P. H. Cliff, Mr. A. M. Rankin and Mr. G. L. Toogood.

★

Mr. A. H. Cave (chairman of Biddle Sawyer Foods and a director of Lewis and Peat) has become chairman of JOHN MARTIN FOODS. Mr. W. S. Rogers and Mr. B. K. Whalley have been appointed joint managing directors. Mr. Peter Wright continues as sales director.

★

Mr. J. A. Goddard is to be chairman and managing director of RONSON PRODUCTS to succeed Mr. W. J. Kenyon Jones, who is retiring. Mr. L. K. Brook and Mr. C. W. Duffield are to be deputy managing directors.

★

Mr. P. B. H. Stobart has been appointed a director of HOGG ROBINSON. Mr. K. G. Weir has become managing director of Hogg Robinson and Gardner Mountain (Life and Pensions).

★

Mr. Richard H. Jones has become sales director of the WICHITA COMPANY (Tube Investments).

★

Mr. C. R. Dixey has been appointed a director of J. H. MINET AND COMPANY, a subsidiary of Minet Holdings.

Top designs for FT prize

By H. A. N. Brockman,
Architecture Correspondent

THE THREE assessors for the Financial Times Industrial Architecture Award, 1975, *have now* selected six schemes as finalists from which one will be chosen as the winner after the six have been visited during the summer.

There were nearly 200 requests for entry forms and 76 entries were finally received—a satisfactory number in this depressed period for the profession and building industry.

The following are the six projects shortlisted: 1—Longmeade Farm, Prestbury, Cheltenham. Architects: Rainger, Rogers and Smithson. 2—New Covent Garden Market, Nine Elms, London. Architects: Gollins Melvin Ward Partnership. 3—Carlsberg Brewery, Northampton. Architect: Knud Munk (with Ove Arup and Partners). 4—Computer Building for Northern Gas, Killingworth. Architects: Ryder and Yates and Partners. 5—Auchroisk Distillery, Banffshire. Architects: Westminster Design Associates. 6—Heavy Plate Shop Complex, H.M. Dockyard, Portsmouth. Architects: Arup Associates.

The three assessors are Sir Colin Anderson, Professor Peter Shepheard, and Professor J. Napper.

Consortium to invest in Brazil shares

Financial Times Reporter

THREE LEADING British investment trust groups and a firm of London stockbrokers are forming a consortium to invest in Brazilian shares following the publication by the Government there last month of rules for the admission of foreign capital to its stock exchanges.

The consortium has been formed to operate a fund—called the Brazil Fund—which will work in partnership with Banco de Investimento Lar Brasileiro, part of the Chase Manhattan Group. The fund will invest about $12m. initially in Brazilian shares within certain limitations—for example, barring financial shares.

A prospectus will be published shortly on the new fund, which will initially be closed end and will be quoted in Luxembourg. Outside investors will be able to subscribe when the prospectus appears.

The sponsiring consortium consists of the Foreign and Colonial Investment Trust, Touche Remnant Co., Murray Johnstone and Co., and brokers Vickers Da Costa and Co.

LATEST WILLS

	Net
Sir Martin Davies, former director of the National Gallery, left £109,309 gross. After bequests totalling £12,000, Sir Martin left the residue of his estate to the Trustees of the National Gallery	£100,114
Baron Reid of Drem, a former Lord of Appeal in Ordinary, and a former Lord Advocate for Scotland, left £75,814 gross	£72,78[illegible]

Tax on estates no longer known.

HOME NEWS

Beryl A takes her place

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE FIRST North Sea oil platform to be completed on time, the Beryl "A," is to start its journey to the Beryl Field on June 29 and will be producing oil by the end of the year.

First oil will come at the rate of 10,000 barrels a day from this discovery well and operators, Mobil North Sea say that this is probably a record from discovery to production because the well was completed only in September 1972.

By the end of the year the production rate should be 20,000 barrels a day, building to a peak flow of around 100,000 barrels by 1977.

The participants estimate that the venture will involve a capital cost of more than £150m. and it will take another £10m. a year to run the platform.

British crew

The 200,000-ton facility was built in Norway but U.K. suppliers have provided about £11m. of the £50m.-worth of machinery and equipment. The drilling contract for 40 wells and worth between £30m. and £35m. has been won by Berry Wiggins a U.K. concern.

Nearly all the £10m.-a-year running cost revenue will go to U.K. companies and most of the 240 platform staff and 144 crew members for the two tankers involved will be British.

Mr. Byron Sims Jnr., Mobil's Exploration and Producing manager, said that the U.K. companies won their contracts against international competition. There had been some pressure from the Department of Energy to persuade Mobil to "buy British" "but this was fair pressure."

A number of technical "firsts" have been chalked up by Beryl "A," which makes it the more surprising that Mobil is on schedule with the operation.

It will be the first concrete drilling and production platform to go into operation in the North Sea. A group of Norwegian companies formed a consortium to produce "the first combined concrete and steel platform ever built."

The concrete substructure, which cost about £30m., was built at Stavanger by A/S Hoyer-Ellefsen, Ingenior F. Selmer and Thor Furuholmen. The £15m. steel deck was built by the Aker Group with the U.K. concern M. S. Worley and Associates acting as consultants for the production facilities.

The Norwegian consortium is presently building three more similar platforms and there is the possibility that Mowlem and Taylor Woodrow might be given licenses to build them in the U.K., but this apparently depends on whether the British companies can get the necessary planning permissions.

Plans to build the so-called Condeep structures at Drambuie in Western Ross were turned down after a public inquiry. One at a site Kishorn, is only just beginning development.

Beryl "A" will also be towed from Stavanger with more than 90 per cent. of its heavy engineering equipment already installed—thus avoiding the very expensive job of installation at the Beryl Field—most northerly of the North Sea fields and 95 miles South East of the Shetland Islands.

Mobil maintains that this type of platform is more economic because it also saves on maintenance costs and because 16 of the concrete cells which make up the base are hollow and will store crude oil.

Another innovation will be a single point mooring facility, a 500 feet steel tower which will be anchored to the seabed by a 1,400-ton steel and concrete base and which can tilt in any direction up to 20 degrees in bad weather.

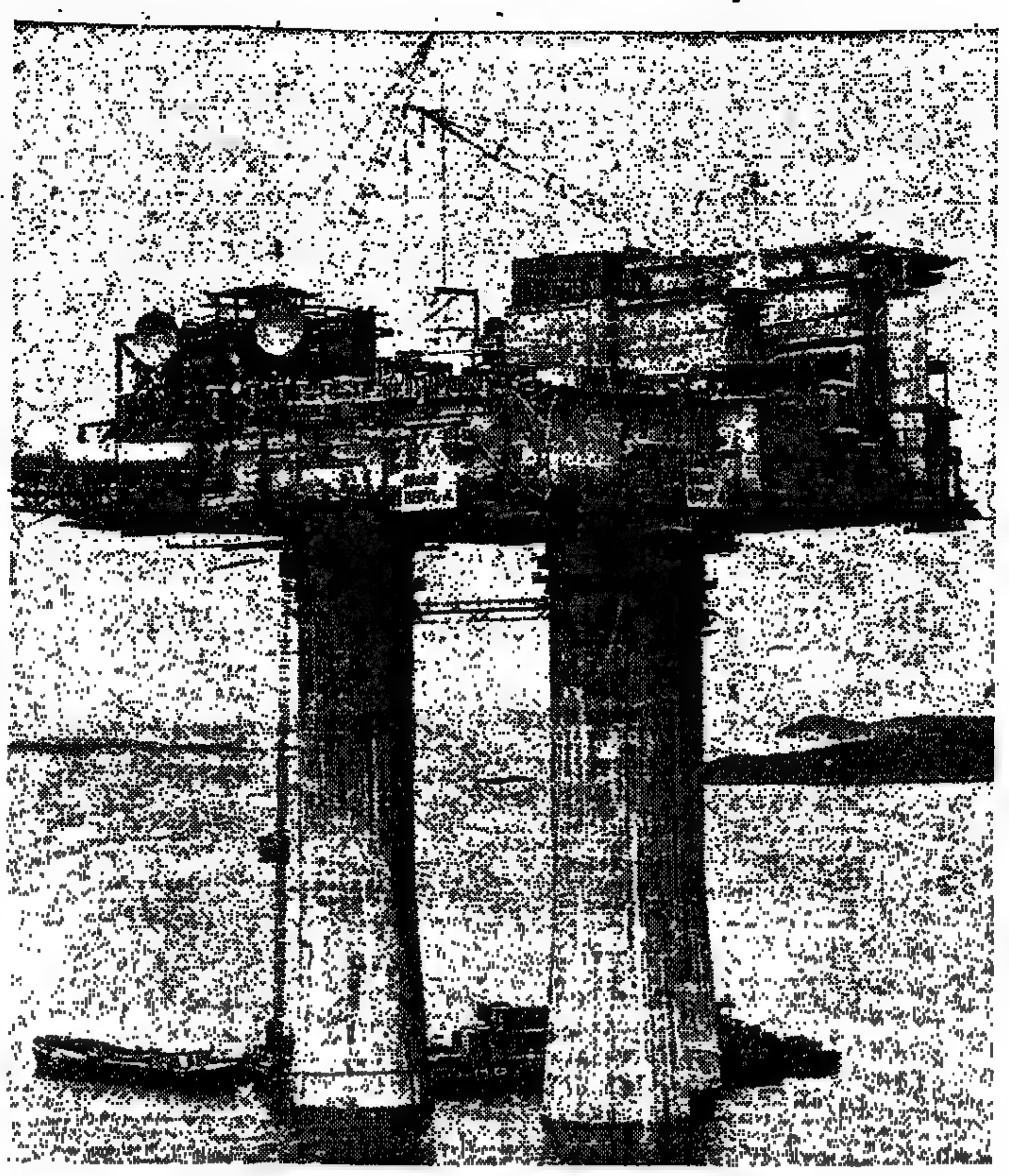
From this mooring up to 40,000 barrels of crude oil an hour can be loaded into the tankers.

The quality of the oil from Beryl Field is very good and Mobil estimates there could be 20 to 25 years of profitable offtake as the estimated reserves in this field are in the range of 500m. to 750m. barrels.

"Taking an optimistic viewpoint it is just possible that our appraisal drilling programme might sometime in the future allow us to increase this reserve estimate," said Mr. Sims.

"But I must emphasise that there is also the chance our present estimate is too high and that we might find ourselves with an uneconomic venture at the end of the day."

Participants in the Beryl Field group are, apart from Mobil with 50 per cent. Amerada Petroleum Corporation of the U.K. (20 per cent.), North Sea Inc. (better known as Texas Eastern) 20 per cent. and the Gas Council (Exploration), 10 per cent.



Beryl "A," first of the new-generation of concrete gravity structures for the North Sea in Stavanger, ready for towing to the North Sea at the end of this month.

U.K. 'will recover cost of oil stake'

BY RAY DAFTER

THE GOVERNMENT plans to recover its cost of participation in North Sea oil "very quickly" and be "adequately remunerated," Mr. Anthony Wedgwood Benn, the new Energy Secretary, told a Commons committee yesterday.

But he would not be drawn on how much State participation would cost, saying only that it would be much less than some MPs had predicted. (Conservative MPs have quoted figures as high as £5bn.).

"I should be surprised if the total cost over the next few years was more than a fraction of the cost of developing all known fields," he told the Petroleum and Submarine Pipelines Bill Committee.

Mr. Benn was frequently pressed by Opposition parties to give some indication of the cost of participation. He answered that the so-called "cost" was really a shorthand reference to the initial outgoings from public funds.

"Our aim is that these outgoings will ultimately be recovered in such a way that participation places no net burden on public funds. It will, over a time, be self-cancelling."

He reiterated the Department's intention that payments made on account of participation would be designed to ensure that companies who accepted a Government stake would be financially no better or worse off." Discussions were now being held with companies over how this principle could be put into effect.

If the companies were left no better and no worse off, as far as net revenues were concerned, "it follows that the Government will be no better, no worse off financially." The statement drew noisy protests from Conservative MPs.

The Bill provides for the establishment of the British National Oil Corporation and empowers the Government to share in all aspects of North Sea oil development—from exploration to retail operations.

Mr. Benn said it was the Government's aim to get rapid repayment of its outlay, once production started. Production had already started and within a couple of years it would reach 50m. tons, worth £2bn. a year.

First British oil comes ashore to-day

FINANCIAL TIMES REPORTER

THE FIRST oil extracted from the U.K. sector of the North Sea will be pumped ashore this morning at BP's Isle of Grain refinery on the Thames Estuary.

In a ceremony to mark the start of one of the most promising economic developments in the U.K. since the war, the new Energy Secretary, Mr. Anthony Wedgwood Benn, will turn the valve which brings the oil ashore from the Liberian tanker Theogenitor.

The consignment of 84,000 barrels comes from the first two production wells of Hamilton Brothers' Argyll Field, which lies South-east of Aberdeen.

Argyll will have an expected peak production of about 40,000 barrels a day, or some 2 per cent. of current demand in Britain, making it one of the smaller fields. Sharing in the venture are Hamilton Brothers, the U.S. independent oil company, as well as Rio Tinto Zinc, Associated Newspapers, Kleinwort Benson and the U.S. major oil company, Texaco.

To-day's oil represents only a trickle compared with what is to come. The entire development programme has been held back by up to 18 months but latest estimates suggest that the country should be able to reach overall sufficiency by the turn of the current decade.

Little impact in South-west from offshore search

FINANCIAL TIMES REPORTER

THE authorities in the South-west of Britain are forecasting that offshore oil exploration and development in their waters will be on a much smaller scale than in the North Sea.

The search for hydrocarbons is unlikely to have any major social or environmental impact on the region, according to a report being studied by the South-west Economic Planning Council.

The report, prepared jointly by Devon, Cornwall and government officials, estimates that there could be three rigs operating in the waters by the end of this year and perhaps three more next year.

Facilities in Cornwall and Devon during the exploration stage of offshore development would be relatively small and could be met by Falmouth, Fowey and Plymouth. The threat to the environment was estimated to be no greater than that from industry's normal development in the area.

Looking ahead to the possibility of offshore gas fields, the working party proposed that the British Gas Corporation and local authorities should survey the coast to determine areas where a future gas terminal would cause least environmental harm.

Westminster in need of masons

A SHORTAGE of skilled craftsmen to cut stone and glass means that Westminster Hall at the House of Commons, damaged by bombs a year ago to-day, is still undergoing repairs.

Craftsmen versed in traditional skills are needed to cut Cumberland slates for the roof, which was badly damaged in the explosion. Glaziers experienced in working with ultra-thin glass and lead were also needed to restore the fine East window.

"The glazing will take some time yet, but all the repair work will be finished by the end of summer," a spokesman for the Department of the Environment, which is in charge of the work, said yesterday.

Woollens by computer

MORE WOOL textile mills are looking to computers to help them through the present economic difficulties and prepare for the expected boom in the future, it was stated at Bradford yesterday.

The industry's management services centre, which has created a computer division to advise and help companies is holding an exhibition which has drawn a good response.

Mr. John Oxley, head of the computer division, said that while the industry might have been slow in the past to make use of computers the latest techniques had created renewed interest. This related particularly to production and stock control, which could lead to vital savings and improve operating efficiency. He thought that computers might be used as an aid to designing in the future.

Dim outlook for pension funds says Minister

By Eric Short

THERE CAN BE no long-term future for funded occupational pension schemes in a continuing state of negative yields on investments Mr. Brian O'Malley, Minister of State for Pensions, admitted yesterday at an Industrial Society conference on pensions.

It was essential, he said, for the rates of inflation and wage and salary increases to be drastically reduced so that the returns on pension fund assets could match the accumulation of pension benefits. Otherwise, funded schemes could not be expected to continue for long.

Mr. O'Malley said, however, that he did not take a gloomy view of the future and expected a big improvement in the economic situation.

The Social Security Pension Bill which is now before the House of Lords was intended to end the "two nations" state between those pensioners who have or do not have a second pension. Mr. O'Malley pointed out that it was also designed to establish a viable partnership between the State and the occupational pensions industry.

The Government had already made three important changes to its original proposals following discussions with the industry. He was still willing to consult with the industry on any aspect of the Bill until it became law.

Mr. Harry Lucas, head of the pensions and social services department of the General and Municipal Workers Union said that it was essential for employees and their representatives to be allowed to participate in all aspects of pension fund negotiations and administration on a 50-50 basis.

Unions would continue to press for legislation on employee representation. If employers decided not to contract out of the proposed State scheme, unions would seek to negotiate new pension schemes designed to "ride on top" of the State benefits.

These schemes would provide, on a non-contributory basis, those benefits not given by the State scheme such as lump sum benefits on retirement or on death in service.

Start for fast tram prototype

THE PROTOTYPE tram for Newcastle's £143m. rapid transit system began operation for the first time yesterday along a 1½-mile stretch of electrified test track near Wallsend.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BANKING

Growing competition from Sweden

EARLY next year, a comparatively small subsidiary of a big Swedish-controlled multinational will put the finishing touches to the biggest banking network attempted anywhere. Scandinavian Savings Bank system, straddling the four Nordic countries will have apart from its central machines 6,000 terminals and 4,000 branch minicomputers worth about £20m. to the supplier, Datasaab.

This bustling company, which recently broke into the U.K. banking market with a large order from the Central Trustee Savings Bank, has also secured a strong foothold on the extremely tough American market with a showpiece installation at the Southeast First National Bank of Miami.

Datasaab made banking history there by putting its counter facilities equipment on line both to Burroughs and to IBM main computers, a task which many terminal equipment makers would boggle at.

Now many U.S. bankers are having a very close look at the Miami installation and not just for the sake of a trip to Florida. It has not gone unnoticed that the Swedish equipment is outstandingly reliable. Jan Hull, the international marketing director, claims 4m. hours operations on current design minicomputers and 10m. on terminals with an availability of 99.7 per cent.

Even on the printers there are no more than three faults per year per terminal and work is in hand to halve this.

The big Scandinavian network is a hefty slice of the company's total business: somewhat over half. But it would be wrong to assume that it was won in a protected environment. Philips, Nixdorf, Olivetti and Incoterm are competitors and the Swedish company gets no local preference, to the contrary.

Painstaking

Undoubtedly the secret is the painstaking approach it applies to all its products, learned when it began to make navigation and fire control computers for the Viggen, the Swedish supersonic fighter which has a performance comparable to the best current U.S. machines at much lower prices.

Requirements here are for 100 per cent. verification of active components and performance of less than 0.02 per cent. defects in the printed circuit modules are being achieved. Some 1,000 large printed circuit boards a day are produced for the Viggen and commercial machines—with light quality control spilling over to commercial units—and Datasaab is now number four in world production of minicomputers. Output is running at 50 minis plus their peripherals and is going up fast.

Planned expansion provides for a second plant at Linkoping next year with power supply manufacture aimed at 3,000 a year and needle printer and terminal keyboard output to increase fivefold to 25 a day.

For banks alone, over 2,000 complete systems are scheduled for delivery next year.

The company is planning to build the peripherals it requires under licence. This is mainly because it prefers to have total responsibility to its clients for quality control over the complete systems it makes. "It is one thing to string together a number of separate units from different manufacturers and make the ensemble work in a test room environment," says Jan Hull. "It is a totally different thing to place such equipment in the hostile environment of a working area with problems of static, widely fluctuating ambient temperatures and so on. Datasaab prefers to have all these factors under its own control."

The intention is to extend checking procedures and the present component watchdog system. This relies on a network of keyboards connected to a small computer system through which senior quality control personnel report on component failures at crucial points in the testing sequence as the printed circuit boards move through the plant.

The various reports from the check points are collated and analysed and the company has a running verification on the quality of components bought in. Erring suppliers thus can be warned that their product is falling below standard and the components themselves intercepted before they can get into and ruin a costly finished board or sub-assembly.

In the immediate future, the company will be talking to a number of British banks, Barclays in particular, bidding to replace the Burroughs TC500 terminal machines with Datasaab units. It is understood that in the next two to five years all terminals of this vintage will be replaced in the U.K.

In the further distance is the possibility of a business deal with the Soviet Union which can only be called a "manufacturer's dream." It is the automation of the Soviet banking network which would need between 150,000 and 220,000 terminals worth several hundred million pounds.

Obviously, Datasaab could not possibly make all this equipment itself, nor cope by setting up several plants in Finland to service this giant market. But success in the USSR would nevertheless mean a vast expansion in Datasaab activities and a heavy responsibility to see that Chinese copy factories were set up in Russia and operated with the same degree of quality control as in Sweden.

Checking station in the production of Datasaab minicomputer logic boards with the component failure communications keyboard in the foreground.

● PROCESSES

Lower cost quality control

A STANDARD range of mini-computer systems, offering substantial productivity benefits in quality control procedures, yet requiring no computer experience or programming knowledge has been introduced by the EMI group.

Reliable and practical, these fault reporting and production analysis systems are truly revolutionary in that they eliminate all paperwork, keyboard entry, card punching/verifying and computer coding of products or fault types associated with conventional data capture. Quality assurance productivity increases because manual recording of inspection information is obviated—the operator simply uses speech to communicate with the computer, leaving his hands free to handle the product or test equipment.

EMI Threshold, of Hayes, Middlesex, is marketing four packaged systems based on its VIP 100 computer ranging from a simple question and answer routine—guiding the quality control inspector through a predetermined series of tests, allowing him a choice of fault responses—to a sophisticated reporting, statistical analysis and report writing system.

Training

Operators require only one hour's training to become proficient, gaining the considerable advantages of this revolutionary technology. In addition, standardisation in both hardware and software ensures that the minimum installation time, user training and maintenance is necessary.

EMI Threshold VIP 100 system gives the quality inspector complete mobility enabling him to use both hands to manipulate the inspected item while speaking his findings through a head mounted, noise cancelling microphone, in normal company terminology, and verifying them on a visual display monitor against the tolerance limits displayed. Additionally, at any time during the quality control operation a record of all results is available, either in typed form or on punched paper tape for subsequent data entry on a main computer facility.

Prices for the four system packages cover both hardware and programming with customers' individual terminology and range from £12,300 for the basic package to £16,500 for the most comprehensive package. The systems comprise a speech pre-processor unit, mini-computer, visual display unit, microphone headset, standard teletypewriter and standard software.

This policy of offering complete systems at a fixed price is based on standard hardware and software expertise.

Further voice-operated data processing systems are shortly to be announced for numerical control machine programing, computer-aided design and inventory control.

Heaters for small shops

LOW-COST induction heaters for pre-heating connecting rod little ends, flywheel ring gears and similar shrink-fitting components, from Tetroc, of Wimborne, Dorset, are understood to be the only ones suitable for the smaller engine rebuilding shop.

Induction heating, which acts uniformly throughout the work, is both faster and more accurate than hand methods and is almost universally employed in manufacturing industry, but has hitherto been available only with machines too elaborate and expensive for the smaller workshop. Tetroc Hot Rod achieves the same result on a small scale, heating a ring gear or up to four connecting rods at one time on a bench-top machine which occupies only 2½ square feet of space and weighs 80 kg.

A timing device, pre-set by means of temperature crayons, prevents overheating (the heating cycle occupies only about 2-4 minutes). Since it was exhibited in prototype form at the London Motor Show the design has been improved, with a moulded GRP casing carrying the asbestos work table and metal control panel. Power supply can be either 400V or 380V, 50 cps, and the maximum current consumption is 15 amp.

Standard equipment includes a support bar which is threaded through the connecting-rod little ends to rest in grooves in the heater cores, and a set of three temperature crayons.

The machine is available direct from Tetroc, Ferndown Industrial Estate, Wimborne Road West, Wimborne, Dorset. (Ferndown 77441.)

● INSULATION

Cavity wall problem rumbles along

THOUGH the Agrement Board has stated unequivocally that mineral fibre does not suffer from capillary moisture transmission when installed in cavity walls—that is, cannot cause internal walls to become damp after external walls have been subjected to driving rain—many Local Authorities are lumping mineral fibre cavity wall fill together with the action of "cowboy foam fill operators" who have given the whole process of thermal insulations of houses a bad name.

Because of this situation and the confusion in many Local Councils, who now find their development and building sections faced with yet more regulatory work, Rentokil has put a clear proposal to the authorities at large offering to indemnify them from any liability which may arise from relaxing Section C9 of the 1965 Building Regulations which said that the cavities in walls between inner and outer leaves should not be bridged.

Contravention

Trouble began in February when the Department of the Environment ruled that cavity wall insulation contravened this ten-year-old regulation. Previously, very few councils had decided that insulation was a "bridging." The DoE ruling is that anyone who now wants cavity insulation must ask his Local Council to relax regulation C9—or face heavy fines.

Rentokil initially welcomed the ruling because it would spell the beginning of the end of the "foam cowboy"—unscrupulous or incompetent installers of urea formaldehyde insulation and leave only the reputable firms. But many councils, confused by the DoE directives, are now avoiding the problem of deciding when and to whom relaxations of the regulations should be granted and are instead saying, flatly, "no" to all applications.

Rentokil stresses that it does not use foam. The insulant is a dry, mineral fibre called Rockwool. There has not been one failure of this material recorded since the company started using it in Britain ten years ago. Not one failure has been recorded in Denmark in 30 years' use. This is where the material originated.

Obstacles

Despite this, and even with the 20-year Rentokil guarantee, the company is facing obstacles. At best, the process of granting relaxations is generally resulting in delays of one to two months, and at worst, some councils are still refusing all insulants, including Rockwool.

So the company is providing indemnities for each installation of Rockwool insulation. It is a form of insurance for the local council. Their purpose is to say to a council that it does not have to worry about regulation C9. Rentokil will accept full responsibility for the work it does.

Providing an indemnity is an exceptional step. It remains to be seen what the councils will see as their statutory duties, bearing in mind that DoE said in effect: "Observe the paragraph, but relax it"!

Rentokil is at Felcourt, East Grinstead, Sussex RH19 2JY. East Grinstead 23661.

● ELECTRONICS

Dual mode 'scope

A FIVE-inch high performance sweep oscilloscope designed for waveform analysis, general purpose industrial maintenance and radio/TV servicing has been announced by RCA Electronic Instruments, Lincoln Way, Sunbury-on-Thames, Middx. (Sunbury 85511).

Priced at £171 ex VAT, the WO-535A features triggered or recurrent sweep mode operation which combined with a vertical amplifier frequency response extending beyond 10 MHz enables small segments of non-recurring or random pulse patterns to be displayed. High sensitivity allows low level input signals to be handled.

In the recurrent sweep mode the instrument is a conventional continuous sweep oscilloscope with sweep oscillator adjustable up to 1 MHz in six ranges. Pre-set television vertical and horizontal sweep positions are provided to facilitate television servicing.

In the trigger sweep mode the unit can be used to display short duration sporadic signals that cannot be observed ordinarily. Part of a waveform cycle can be locked in and then expanded up to ten times for detailed observation. The 'scope measures 11¾ x 9 x 16¼ inches and consumes 30W from the mains.

Transistor is tough

POWER transistor BUX80 announced by Mullard is for use in 1,000W push-pull or 500W single-ended, high-frequency switched mode power supplies operating from a 240V mains supply.

It features better constructional techniques, including glass passivation, which provide greater reliability and stability, larger safe operating area, plus faster switching times.

Voltage ratings are designed to suit operation from the rectified mains supply and still leave substantial safety margins. The maximum dc voltage seen by the transistor in a push-pull circuit is about 370V.

An additional feature of the BUX80 is its fast switching time. This not only minimises switching losses but also makes the device suitable for high-frequency (25kHz to 50kHz) operation. Typical turn-on time with a collector current of 5A is 0.35 micro-second whilst its turn-off fall time is 0.3 micro-second.

Mullard House, Torrington Place, London, W.C.1. (01-580 6633.)

● METALWORKING

Restoring surfaces

RECONDITIONING damaged or worn propellor shafts can be carried out for about half the cost of a new shaft with a spiral welding process developed by Fleetworks, Fleet Bridge, Poole, Dorset (02012 3031). The company making this claim is extending its factory to carry out this work in steel, stainless steel, aluminium, magnesium, bronze, Monel and other metals.

After desalination, a strand of metal of the same composition as the shaft is wound around the worn or damaged area. This coil is simultaneously fused to itself and to the shaft using low temperature argon/arc welding. The process is self-annealing and has shallow heat penetration.

The welded area is machined to produce a finish claimed to be undetectable from the original specification. It is said to be superior to metal spraying methods which suffer from salt water erosion through porosity.

The company says the process (which has Lloyd's approval) is being developed for use in HM Dockyards where it is believed it could reduce shaft reconditioning from three weeks to half a day. The company is willing to license marine engineering companies wishing to use the process.

● CONSTRUCTION

Crushing plant on wheels

DESIGNED AND built by Fives-Cail Babcock S.A., of Paris, a range of mobile crushing and screening plants capable of handling blocks of stone of over one cubic metre at rates up to 800 tons/hr. is now available in the U.K.

Mounted on pneumatic tyred wheels the units can be either self-propelled or towed. A typical plant operating in a limestone quarry at La Couronne has a capacity of 500 tons/hr. of 25mm. product from a feed size of one cubic metre. The unit includes an apron feeder, discharge conveyors and a double rotor hammer mill of 2 x 400 kW rating.

Weight is 400 tonnes, supported by 8 x 2.6 metre diameter wheels, driven in pairs by 90 kW wheel mounted hydraulic motors giving a top speed of 1.5 k.p.h. Two steering systems allow the machine to rotate 360 degrees on its own axis in two minutes.

A jacking system raises the wheels when the machine is in operation, and it then rests on a base structure for stability. It can be fitted with any type of crusher, such as jaw, hammer mill or slugger roll, to suit requirements.

The company's U.K. office is at Scotia House, 33 Goldsworth Road, Woking, Surrey GU21 1LQ (04862 69441).

● SAFETY

Produces very fast braking

RAIL guided machines and vehicles can be brought to a dead halt in a fraction of a second it is claimed, using an emergency braking system developed by Walsall Conduits, Dial Lane, West Bromwich, West Midlands B70 0EB (021-557 1171).

Originally developed for stopping the exposed spindles of machine tools it is suitable for any kind of rail-guided heavy structure powered by an AC motor.

It consists of a dc injection braking unit, a corrosion-proof exposed-head "stay put" push button and a hinged steel plate. The plate is fitted in front of the leading wheel of the machine or vehicle and on touching an obstruction swings back and presses the button. The motor supply is disconnected and direct current is simultaneously injected into the windings, bringing the machine to a smooth and rapid stop.

No holding torque is produced and no reverse action is possible. The ac supply cannot be re-applied to the drive motor until the system has been re-set manually. Installation can be carried out by any plant technician.

● NAVIGATION

Pin-point positioning

OFFSHORE positions can be fixed to accuracies of between 6 and 16 feet anywhere in the world at any time of day or night and in all weather conditions using a new automatic navigation/position fixing system called Autranav.

This seaborne system, which requires no land-based references, has been designed and built by Polytechnic Engineering — a specialist company engaged in surface and sub-surface position fixing. A key feature is the Redifon Satellite Navigator, which provides an absolute worldwide geographical reference of better than 30 feet r.m.s. to a transponder array on the seabed, which in turn gives a local positional accuracy of between 6 and 16 feet.

The transponders used are of the low cost disposable type and have a depth capability of 2,000 feet and a battery life of three years. Primarily intended to fulfil site survey and pipe-laying positioning requirements for high accuracy and dependability, Autranav is capable of positioning a surface vessel and up to two submersibles or moving objects.

Polytechnic Engineering designed and built all interface, output and display units and also produced its own software.

This new application of the Redifon Satellite Navigator stems from Polytechnic Engineering's experience in using it to position 30 oil rig drill ships and structures in 1974.

Redifon, Broomhill Road, Wandsworth, London SW18 4JQ (01-874 7281.)

● COMPUTERS

Success for U.K. micro

FOLLOWING THE announcement of a dedicated microprocessor for control purposes by Sturge Automation at the turn of the year, Negretti and Zambra decided to cease work on its own system and is now marketing the Sturge product called SAM (Systems Application Microcomputer) in a deal which Sturge says "could be worth £1m. over the next few years."

Negretti and Zambra expects to extend its penetration of the textile, food and marine markets with the processor which will be offered where the speed and capacity of the minicomputers currently used would be under-utilised.

SAM is modular in construction and will allow control system requirements to be met exactly, with no redundant hardware, simply by plugging standard boards into a rack.

Once installed, control systems will be readily reprogrammable, allowing plant and operational changes to be made at minimum cost. Negretti and Zambra is at Stockdale, Aylesbury, Bucks HP20 1DR (0296 5931).

Design by computer

CAD 76—second international conference and exhibition on computers in engineering and building design—will present a forum for the discussion of developments and applications in the use of the computer as a design tool. It will be held at Imperial College, London on March 23/25, 1976.

Civil engineering, structural engineering, geometric design, design linked to manufacture and building and plant design will be covered by CAD 76.

Sponsors include IFIP, CAD Centre, BCS, CIRIA and the Institute of Civil Engineers.

The exhibition, sponsored by Computer Weekly, is expected to be larger than last year's, with more software, services and equipment companies displaying and demonstrating their products. Twenty-five per cent of the stand space has already been sold and among the companies exhibiting will be Hewlett-Packard, Tektronix, Sigma, Electronics, Building Computer Services, Sicon, VF Instruments, and R. Hepworth and Co.

IPC Science and Technology Press, 32, High Street, Guildford, Surrey GU1 3EW. 0483 71661.

● COMPONENTS

Improved welds

A PRESSURE roller attachment is available for the Leister "Variant" hot air plastic welding machine, marketed by Welwyn Tool Company, Stonehills House, Welwyn Garden City, Herts. (Welwyn 20121).

It is intended to prevent creasing or creeping during overlap welding of plastic film or foil used for roofing, swimming pool and reservoir linings, tarpaulin manufacture and similar applications. It consists of a Teflon roller and ... welding can be ... welding ... Thicknesses from ... can be welded.

LABOUR NEWS

Electricians get 18-24.5% in 'responsible' pay deal

BY CHRISTIAN TYLER, LABOUR STAFF

NATIONAL PAY rates for 70,000 workers in the electrical contracting industry are to be increased by between 18 and 24.5 per cent. from next January.

The industry's joint Board has added 27p an hour to the skilled rates and 20p to the labourers' rate, putting the main grade up from 123p to 150p an hour for a 38-hour week.

Announcing the terms yesterday, the Electrical Contractors Association said a "responsible and moderate view" had been taken "in the light of the somewhat inflated figures quoted in recent pay discussions throughout the country."

The new agreement also introduces a "second tier" of rates, 10 per cent. lower than the standard rates, on which incentive schemes, approved by the joint industry Board, can be based.

This is a significant departure for the industry, which hitherto has had only one set of rigidly-controlled rates for the four main grades. The policy goes back 50 years, although some employers and sections of the Electrical and Plumbing Trades Union have been pressing for relaxation.

The new system will allow some flexibility of earnings, and is intended to lead to higher productivity—a "national aim" the employers said. The JIB publishes guidelines for incentive schemes and requires employers to register their proposals.

Flat-rate increases have been applied to the main rates—favouring the lower-paid in percentage terms — in order to correct distortion of differentials caused by the percentage rises which featured during statutory pay control.

The 1976 rates will be: 175p an hours fo rtechnicians, 150p for approved electricians, 137p for electricians, and 106p for labourers. Supervisors may be paid between 2½p and 10p "responsibility" money, and there is a 9p-an-hour addition for London workers.

TUC leaders meet Benn to-morrow

BY OUR LABOUR STAFF

TUC LEADERS are to meet Mr. Anthony Wedgwood Benn, newly-appointed Energy Secretary, to-morrow for general discussions on energy policy.

To-day, they are due to see the Home Secretary, Mr. Roy Jenkins, to press again for release of the two jailed Shrewsbury building pickets. Mr. Jenkins has agreed to re-consider parole for the two men but has stood firm against union pressure to grant their release.

Also, to-day, the TUC economic committee will take up an invitation to meet the Prime Minister to discuss the Industry Bill.

Meanwhile, the country's third largest union, the General and Municipal Workers, stressed again yesterday that in its view moderation on the wage front under a revamped social contract requires Government action to hold down prices, if necessary by a three-month freeze, and reduce unemployment.

The GMWU's general council has endorsed the idea that the unions should content themselves with seeking flat rises in the next round of wage bargaining, Mr. David Basnett, the general secretary said.

But, he added, the social contract "is about more than wages."

The GMWU wanted to see the inflation rate reduced to levels existing in other industrialised countries, and to see prices cut in the shops. If necessary, the Government ought to introduce a three-month price freeze starting in September.

In addition, Britain needed effective economic intervention and planning mechanisms to channel industrial investment in the right direction.

Mr. Basnett would not say the GMWU was making support for wage moderation dependent on having its economic policy conditions fulfilled, but he stressed that in his view, one could not be discussed without the other.

Mecca's Mr. Morley keeps up with the 'Jones plan'

BY OUR LABOUR CORRESPONDENT

THE SO-CALLED "Jack Jones" plan for flat-rate pay increases for all workers received support from an unlikely source yesterday, when non-unionised Mecca announced across the board increases of £10 for all 15,000 employees including chairman Mr. Eric Morley.

Mr. Morley said yesterday that the award, payable from last Monday, was worth between 5 per cent. for management grades and 33 per cent. for the lower paid with the majority getting about 15 per cent.

This compares, he claimed, with rises of about 30 per cent. which would have been forthcoming under Mecca's normal arrangement of matching the rise in the cost of living plus 2 or 3 per cent. to improve living standards.

Only two strong objections were raised to the idea when Mr. Morley floated it in his weekly staff bulletin, although many staff were concerned at being "caught for mugs" if workers elsewhere achieved better increases.

Mr. Morley said yesterday that he had promised Mecca employees "who are cooperating with me to help the country" that he would re-examine the situation after six months and adjust wages accordingly.

Although Mecca does not recognise trade unions, Mr. Morley is on pretty safe ground as far as they are concerned since the two with most ambition to represent Mecca staff are the Transport and General Workers Union and the General and Municipal Workers Union—both supporters of the "Jones" plan.

Indexed deal for Littlewood shop workers

LITTLEWOODS and the Union of Shop, Distributive and Allied Workers have signed what is believed to be the first index-linked pay agreement for shop workers.

Payable from June 2, the agreement gives Littlewood's 15,500 employees in 100 shops, initial rises of between £3.55 and £5.55, plus provision for further cost of living increases.

On November 1 and their quarterly up to October next year, they will receive automatic increases matching the percentage rise in the Retail Price Index above the level of 132. This figure has already been exceeded by the May RPI published last week, which took it to 134.5.

Management and USDAW have also agreed to examine the progress of the indexation experiment next May to see how it compares with general wage movements elsewhere.

The agreement follows two earlier index-linked deals with USDAW and the General and Municipal Workers' Union, covering Littlewoods' Liverpool head office staff and mail order division. A fourth such deal covers supervisors and middle and junior management throughout the group.

NHS ban on agency nurses

BY OUR LABOUR STAFF

AREA HEALTH authorities are being asked by the Department of Health to phase out use of agency nurses in their hospitals "as a matter of urgency."

A circular sent out yesterday says they should "reduce and, where possible, eliminate," employment of the 4,000 agency staff, the majority of whom operate in London.

News of the move was loudly applauded by union delegates of the Confederation of Health Service Employees at their annual conference in Blackpool yesterday.

Dr. David Owen, Minister of Health, told the delegates of the move in a speech warning workers not to oppose the spirit of the social contract.

He said an essential feature of the agency ban—long demanded by trade unions and not only in the Health Service—would involve setting up NHS "nursing banks."

More money for lecturers

Some 60,000 lecturers in colleges of further education and polytechnics are to get an average 20 per cent. rise with those at the lower end of the scale getting increases as high as 30 per cent. because of a minimum rise of £600.

At the top end lecturers earning £8,000-plus will receive an extra £1,330 including threshold.

3,000 steelworkers strike in protest over shift losses

BY OUR LABOUR STAFF

NEARLY 3,000 steelworkers were on strike in South Wales yesterday in protest against loss of week-end shift work as a result of the British Steel Corporation's agreement with their union on an alternative programme to forced redundancies.

A small group of workers was also out at the Gartcosh works in Scotland, stopping all production there.

All the men on strike are members of the Iron and Steel Trades Confederation, the major manual steel workers' union, whose officials claim the BSC is wrongly interpreting the alternative programme in trying to abolish week-end shifts at the plant.

The agreement, which was reached with the Steel Committee of the TUC on May 5, says that BSC can transfer people from shift to regular day work provided that certain incomes guarantees are maintained.

The ISTC claims that it has a longstanding arrangement with BSC giving its members a certain amount of weekend work. This understanding, officials say, is now being violated. The union plans to raise the matter in official talks with the Corporation next week.

In the meantime, talks are continuing at local level. As a result, 800 men returned to work at the East Moors plant near Cardiff yesterday. But some 2,500 men were out at Port Talbot, and some 300 at the Llanwern plant in Newport.

Pilkington revised pay offer goes to ballot

BY OUR LABOUR STAFF

A REVISED pay offer to 9,000 Pilkington Glass workers, which would raise rates by an average 33 per cent. over last year's level, has gone out to ballot, the General and Municipal workers Union said yesterday.

Worth between £3.60 and £6.50 a week in "new money," the offer includes a new threshold clause triggering when the Retail Prices Index reaches 136. The index now stands at 134.5. This clause would be subject to a maximum payment of £2.40 a week, or a rise of 6 percentage points on the index.

Existing £4.40-a-week threshold money is included in the proposed new minimum basic rate of £41.25—up from £31.25 a week last year.

Mr. David Warburton, a national officer of the GMWU, said the union would expect to talk further once the maximum threshold point had been passed.

No recommendation is attached to the union's circular to branches and the result is expected later this week.

The offer covers workers at plants in Wales and Scotland as well as in St. Helen's, Lancs., the group's headquarters. The Triplex and Fibreglass operations are included.

No grant for windmill

TWO APPLICATIONS had been received for a grant towards the cost of restoring the windmill on Wimbledon Common but both had been refused because the windmill had lost most of its machinery and was not of outstanding historic or architectural interest, Baroness Birk, Under Secretary, Environment, told the Lords yesterday.

Stable lads' pickets out at Ascot

NEWMARKET stable lads picketed the racecourse at the start of the Royal Ascot meeting yesterday and distributed pamphlets explaining their pay dispute with trainers.

To-morrow, Gold Cup day, they plan to march down the course past the grandstand, but a spokesman said they would avoid any action that could lead to the violence seen at the Guineas meeting in Newmarket last month.

BBC television coverage of yesterday's races was affected because the Association of Broadcasting Staffs had refused to cross picket lines to set up their equipment.

Meanwhile, Mr. Jack Jones, general secretary of the Transport and General Workers' Union, which represents the 200 lads on strike, wrote to Mr. Michael Foot, Employment Secretary, asking for an inquiry into racing's industrial relations.

His intervention will be a surprise to the Minister, who has often stressed that the handling of all disputes and inquiries has passed to the independent Advisory, Conciliation and Arbitration Service—of which Mr. Jones is a strong supporter.

Ford doorhangers to hear peace formula

BY LORELIES OLSLAGER

A FORMULA to end the eight-week-old strike of doorhangers at Ford's Dagenham plant will be put to the men concerned to-day amid hopes that work can resume later this week.

Officially, the formula is being kept secret until it has been submitted to the men, but it is understood that both unions and management are now ready to compromise on the central issue of manning levels—the unions apparently making the greater concessions.

In fact, there are reports that shop stewards in the body group where the doorhangers are empolyed have refused to endorse the formula, which was worked out in talks between the local management and district union officials.

Both the major unions involved, the Transport and General Workers Union and the Amalgamated Union of Engineering Workers, made the strike official two weeks ago, but have shown no great enthusiasm for the dispute.

It started with attempts by the management to reduce the number of doorhangers employed on a shift from 26 to 18 in a general efficiency drive which also led to the short-lived occupation of the Swansea plant last April.

The 56 doorhangers, traditionally a very militant group, promptly went on strike—together with a number of fenderfitters—and within days all car production at Dagenham came to a halt. Some 5,000 other workers had to be laid off and up to now the company has lost production of about 18,000 cars worth £36m. in salesroom terms.

Until last week, unions and management remained completely deadlocked over how to bring about a resumption of work. The company insisted that it must be at the reduced manning levels, which could then be studied and adjusted, while the unions insisted that work could only be resumed on the basis of the status quo.

The breakthrough came late last week, and since then there have been almost continuous talks on the compromise, which is believed to involve a resumption of work with more than 18 but less than 26 doorhangers on each shift—perhaps a total of 20. The management would have the right to reduce the number to 18 if work studies show that the extra men are not needed.

Threat of full strike at Rover

BY OUR MIDLANDS CORRESPONDENT

ROVER management of British Leyland will try to head off an all-out strike by 10,000 workers at nine Birmingham and Cardiff factories when negotiations over a pay claim go into their final stage to-morrow

Their three-day warning strike, which ends to-day, has halted all vehicle output at the Solihull plant and will have cost Rover more than £2m.

The limited strike was the reaction to an offer raised by only 20p to 80p over the £6 interim that has been paid since January, the start of the new pay year. Also included in the package are improvements to lay-off, holiday, sickness and other entitlements.

The Ryder Report of British Leyland called for further integration of car manufacturers, and part of the troubles at Rover stem from trying to bring the 10,000 workers there and another 8,000 at Triumph plants in Coventry and Liverpool on to a common wages platform.

The Triumph workers are also dissatisfied with their somewhat similar offer, which would bring their pay bracket to £54.46-£56.29 in five production grades compared with the £59.26-£61.40 of the two Rover grades. They have given notice of strike action from July 1 unless the dispute is resolved

Chrysler is again faced with a shut-down next week by a strike of 350 at a subsidiary plastics components factory in Coventry. They have been out since a major pay strike was settled a fortnight ago demanding payment for the period laid off.

If it continues next week thousands of workers will again have to be laid off at the Avenger factory in Coventry and the Imp and Hunter plant at Linwood, Scotland, which have been assembling incomplete cars.

British Airways to seek higher domestic fares from November

BY LORNE BARLING

BRITISH AIRWAYS will seek a 8 to 10 per cent. increase in domestic fares from November 1, in line with the rise in the Retail Price Index, the airline said yesterday.

Mr. Peter Pinfield, deputy marketing director of British Airways, said in London that the exact increase to be submitted to the Price Commission would be decided over the next four or five days.

But he added that it would be in line with company policy, also followed by British Rail and British Caledonian, not to exceed the level of the RPI. The increase would be across the board.

British Airways, which had estimated that losses this year could be as high as £30m., now believes that they will be less than half this figure, with its overseas division showing a marked improvement in profitability.

Mr. Roy Watts, chief executive of BA's European Division, said: "On fares our policy is clear cut. We want to keep in line with the RPI, although we don't want to have to put up fares."

Domestic air fares of both BA and British Caledonian last rose by between 10 and 15 per cent. on April 1 and although BCAL yesterday denied plans for a further rise, it is unlikely it will remain out of step with the State airline.

Announcing the 200,000th passenger on BA's Glasgow air shuttle yesterday, Mr. Watts said he believed there was no justification in an application by BCAL for a price differential on the service. But with the November price rise, a single flight would probably go from £19 to £20.

Although the service was not yet making a profit, its time-keeping record was excellent and negotiations for similar flights to Paris were being conducted. The load factor to and from Glasgow was 62 per cent. and break-even point was around 69 per cent.

New contract

Mr. Watts also said that BA was "well advanced" in negotiations with Saudi Arabian Airlines for a valuable contract to provide engineering support for their Tri-Stars. Negotiations were also going ahead for even more co-operation with Gulf Air, including crew training.

It is estimated that if these and similar arrangements are finalised, they will be worth about £6m. a year to Britain in invisible exports, in addition to the £4m. earned by BA already.

Trans World Airlines yesterday raised its commission rates to travel agents for international flights from 7.5 to 8.5 per cent. This follows similar increases by Pan American and British Airways, but it raised new fears that the commission "price war" may spread further.

The new move follows a warning by Mr. Knut Hammarskjold, director-general of the International Air Transport Asociation, that higher "incentive bonuses" paid by airlines would increase airline costs and be of no benfit to the travelling public.

Pan American was the first to raise commission rates and attempts b ythe Department of Trade to impose its views are now the object of contention, following a High Court ruling in the airline's favour.

TWA said yesterday that its new plan, effective with agents' July sales, called for a payment of the standard 7.5 per cent. base commission plus an extra one percentage point bonus.

This replaces a scheme under which TWA has ben paying a 3 per cent. incentive bonus (in addition to the 7.5 per cent. base commission) on that portion of an agents' sales directed to TWA in any month that exceeds 90 per cent. of volume in the comparable month last year.

TWA added that it was seeking support for a joint marketing study of payment to travel agents for domestic airlines sales.

FINANCIAL TIMES REPORT

Wednesday June 18 1975

MARINE AND AVIATION INSURANCE

Keen competition and some uneconomic rate-cutting have troubled the market in recent years. There are signs now of more orderly conditions, with London reasserting its traditional rôle as a leading world centre.

Another turn of the wheel

MARINE AND aviation are probably the most "international" classes of insurance. Those with insurances to place have tended in recent years to "shop around." A percentage of a fleet may be placed in one country, a further percentage somewhere else, with the balance being placed in a third market. Both the markets used, and the proportions offered to them, may change from year to year. Then the reinsurance arrangements between insurers come into play, spreading the risk still further around the world.

Traditionally, London has been looked upon as the leading market for marine and aviation insurance — in connection with both direct business and reinsurance. Particularly on the aviation side, London had become something of a "clearing house," with business flowing in from all parts of the world, and British insurers then making outward reinsurance arrangements for the business they are unable to retain.

After a few profitable years, competition mounted in other parts of the world, notably the U.S. and other countries with fast-growing insurance facilities.

The competition became intense as a growing insurance market fought for a larger share of the insurance 'cake," which had not grown at the same pace. Despite sharp increases in the cost of repair for vessels, in some cases fleets were being renewed either on the same terms as expiring, or with slight reductions. It was quite clear that there was little prospect of an underwriting profit being made, and shipowners appreciated that they were obtaining their insurances at less than "cost price."

There is little doubt that much of the overseas competition, particularly from the U.S., was writing business with a view to the capital appreciation which could be earned on the premiums. In practice, it is likely that any capital appreciation has been appreciably less than envisaged. In some cases there may well have been capital losses. Add to that the fact that, due to inflation, *underwriting losses* have been greater than those anticipated, and it is clear that the "cut price" competition has not had a very happy time over the past few years.

Solvency

Particularly in the U.S., insurance companies are facing problems over solvency margins, in view of the drop in the values of assets. To some extent, in both the marine and aviation markets (but more particularly in the latter), much of the competition which British insurers have had to meet was fuelled by the surplus "surplus" funds of certain life offices. Now, perhaps only one "surplus" is applicable. Certainly the competition is dying away rapidly. Many of the insurers which were busy cutting premium rates are having to reduce their commitments, which means that much more business is available to other markets.

As the competition got under way, the more responsible British insurers decided that some business must be allowed to go elsewhere. They were not prepared to write it at what appeared to be hopelessly uneconomic rates. For London insurers, however, specialising in particular classes, insurance is essentially a long-term business. A a result, many insurances were renewed at rates which underwriters considered to be too low. They felt it better to write the business at such rates, rather than refuse to renew since, in that event, they might never see the business again when it was rated on a profitable basis.

Now the pendulum is swinging and gathering momentum. Once more, business is flowing back to London as the "cut price" competitors withdraw from the market with burnt fingers and problems over solvency margins. Not only are British insurers recovering much of the business which they lost, but fresh business is flowing in, because domestic insurers in overseas countries do not want to handle it—for one reason or another.

Over the past decade or so there have not been really serious capacity problems in the marine and aviation markets, provided risks have been sensibly rated. Now, with a withdrawal of capacity in some areas, it remains to be seen whether the world-wide market will have sufficient capacity for the major risks of the future. Certainly, at the moment, the London market has capacity, and is anxious not to sell it too cheaply. Naturally, in view of the fall in solvency margins for many insurers, due to the sharp drop in their asset values, capacity is not unlimited, and it is important that the business should be brought back to profitability.

Because of their reputation, specialist London insurers who have been in the business a long time, probably have more facilities for placing outward reinsurance than any other insurers in the world. Many insurers, elsewhere, are happy to accept business as reinsurance of the established London market where, in the normal course of events, they would never receive it on a direct basis. London's judgment on rating, therefore, should help to bring back profitability, and, for outward reinsurance, there will be a modest commission to be made.

When the Government set out its proposals for protecting the interests of policy holders in the event of an insurance company's failure, it made it plain that the proposals would not apply to marine, aviation and transport insurance at the outset, although changes might be made at a subsequent date. Also, it was proposed that the scheme should apply to U.K. policyholders only.

There have been many criticisms of the Government's proposals. Brokers operating in the international market have given full support to the principle that, in a mixed economy, the policyholder is entitled to protection and that it is the duty of the insurance industry to provide such protection.

This Report was written by John Gaselee

Disadvantage

The brokers informed the Secretary of State that failure to protect all classes using the London market places British international insurance brokers in competition with foreign insurers in a position of extreme disadvantage and endangers the vast contribution by brokers to Britain's overseas business, based solely on the confidence of those overseas in the security at present offered by the London market. The brokers hope that, in one way or another, it may be possible to offer guarantees to those from overseas who place business in the London market.

Certainly the security offered by British insurers has been an important point in favour of the market. In many cases over the past few years, some owners have placed only a modest proportion of their fleets with overseas "cut price" insurers, and have felt it prudent to place a significant percentage at a higher rate in the London market, in view of the much higher degree of security available. Here, brokers have played an important part, in pointing out to owners the possible drawbacks associated with "cut price" insurance. After all, the major British brokers operate on an international scale, and probably have a better knowledge than others of the whole international scene in insurance.

Of course, business flowing back to London is not the end of the story. Once rating has been established at a level which provides reasonable profitability, fresh competition can be expected. Often, the wheel turns full circle in about ten years.

Hull and cargo rates

OVER THE PAST two or three years it has been a buyers' market for those placing hull insurances. There has been a rapid growth in the capacity of the marine market, which has brought about intense competition. As a result, many marine underwriters can be expected to make substantial losses on their hull accounts.

While there is little doubt that 1971 and 1972 were quite good years for hull underwriters, at present it looks as though 1973 will at best prove to be no more than marginal. Last year is expected to show a loss and, bearing in mind the large number of renewals at the beginning of 1975, this year could well prove to be more serious for underwriters than 1974.

Now the position is changing. With the withdrawal of some of those insurers responsible for the "cut price" competition, there is a contraction of capacity, and thus those underwriters in the traditional market are anxious to put rating back on a realistic basis. This year many London underwriters are looking for premium increases which will provide, on average, 15 per cent. or more across the board for hull insurances. It should be stressed that the figure of 15 per cent. is an average, with the result that in some cases individual premium increases may be well above that figure.

This does not mean that hull underwriting is going to be profitable overnight. To some extent the speed with which profitability will return will depend on inflation. Not only have underwriters to make up a certain amount of "lost ground" from the past, but account must be taken of continuing inflation in the future.

Repairs

All the indications are that the cost of ship repairs is continuing upwards at an ever-increasing pace. The Salvage Association has reported that during 1974 there appeared to be a rise of more than 20 per cent. in every major repairing country.

Curiously, underwriters are not too worried about total losses—even though the total of 195 such losses in 1974 was the highest on record. At least, with a total loss, underwriters know straightaway how much will have to be paid, and they will have been able to charge a premium calculated on that amount. It is the damage claims which provide the most problems for underwriters. They account for as much as 75 per cent. of claims costs. Often, non-essential repairs are deferred for some years by owners—during which time, naturally, they escalate in cost. First, they are inflated by the higher cost of steel and other materials, and, secondly, by the cost of labour. In some cases, they are further increased by the effect of fluctuating rates of exchange.

At one stage, it was hoped that those in the London market might be able to operate accounts in a number of foreign currencies so that, as far as possible, this would overcome the possibility of losses solely due to currency fluctuations.

That was a good idea, but an exhaustive examination into the subject showed that almost certainly the administrative problems would outweigh the advantages. Nevertheless, this is an idea which may be pursued, since if it could be operated, it would help to insulate underwriters from currency fluctuations after they have received premiums, but before claims are settled. It would not be easy to operate, since a feature of hull insurance is that premiums are often paid in dollars, with repair costs being met in other currences.

There are many imponderables facing hull underwriters in the future. It has been reported that over 30 large LNG carriers are now on order throughout the world. Some of these vessels will cost $120m. or more, each. Rating such vessels on an equitable basis will not be easy, especially as there will be comparatively few units in service for quite a long time. The position will be very different from the Very Large Crude Carriers (VLCCs), where numbers build up quite quickly so as to give underwriters a reasonable spread.

Cautious

It appears as though underwriters are taking a cautious view about the reopening of the Suez Canal, with quite substantial additional premiums being payable for war risks. This is understandable, when one bears in mind the weight of premium needed to fund no more than one major loss.

Cargo insurance has also been very much a buyer's market, with rates depressed to relatively low levels as a result of intense competition. Since inflation has comparatively little impact on cargo insurance (sums insured take into account higher values and claims are settled quite promptly), many insurers have been trying to expand their cargo accounts, with lower premium costs as the main inducement to shippers.

While some underwriters feel that containerisation, in general, has failed to bring about an overall improvement in experience, it has relieved the loss ratio, and enabled insurers to improve the rating of particular accounts. With containers however, an underwriter may be unaware of the amount of cover he is providing in respect of any one vessel. There are, therefore, much greater concentrations of risk.

Cover for North Sea rigs

SINCE the introduction of the first off-shore jack-up drilling barges for use in the deeper waters of the Gulf of Mexico in the mid-1950s, the London marine insurance market has played a leading role in providing insurance for off-shore exploration and production of gas and oil.

Experience with the early drilling barges proved that insurance rates were too low. Although the market had two bad years, when six units were lost—two of these losses being caused by hurricane Betsy—underwriters did not withdraw from the market. Their position improved when rates were increased, better designed rigs were introduced, and the oil companies started searching for oil in many other areas of the world.

The London market bought its experience in the early days, and now that the business is on a profitable footing, it is anxious not to lose its dominance.

Most of the insurance on North Sea rigs, platforms, pipelines, etc., is placed in the London market, with underwriters arranging outward reinsurance as necessary. Sums insured are high. Last year two of the world's largest platforms for oil production were positioned in the North Sea. In their completed state, each platform will have insurance cover of more than £60m. Two more platforms are to be built, and thus, when in full operation, these four platforms alone will add up to a total insurance risk in excess of £250m. Even more expensive platforms are contemplated.

Underwriters have welcomed the announcement that off-shore installations in the U.K. sector of the Continental Shelf must have certificates of fitness as from August. Lloyd's Register of Shipping will be the British statutory certifying authority. Lloyd's Register is the world's premier classification society and has played an important part in the growth of off-shore activity in the North Sea and elsewhere since, several years ago, it established an ocean engineering department.

Since being appointed a certifying authority, the Society, through its Offshore Services Group, has begun certifying more than 60 structures for the North Sea, and is also closely involved in plans for future installations. The Society is certifying about 75 per cent. of all North Sea structures.

London underwriters have experienced a significant increase in offshore business, but it is here that the offshore industry is still developing so far as technology is concerned. In view of the North Sea problems, in terms of weather and other conditions (waves can reach over 100 feet and winds can approach 120 mph), not only is the offshore industry meeting its sternest challenge but this is becoming an important testing area for techniques which will be applied to many other regions in due course.

Sources

Even now, nearly 20 per cent. of the world's oil comes from offshore sources, and it is expected that this share may rise to about 30 per cent. by the end of the 1980s. Currently, production is taking place off 34 countries, exploration off 45, and surveying off 80.

In 1959 certain underwriters who were involved in providing insurance for the offshore industry set up the Rig Committee. While the Committee is still entirely unofficial, the members lead almost all the oil rig insurances, and thus are deeply involved in analysis of statistics, research, the drafting of wordings and devising new forms of insurance to satisfy particular needs.

After the poor experience mentioned above, premium rates for offshore drilling rigs were increased in 1966 from 4 or 5 per cent. up to 9.75 per cent. Gradually, over the years since there have been various reductions, and discounts have been available according to experience, and so on. Last year, rating differentials were introduced, with the highest rate applying for jack-up barges, the next for non-propelled semi-submersibles, and the lowest premium rate applying to fully self-propelled semi-submersibles. World-wide experience of jack-up barges was far from encouraging last year, but there are very few rigs of this type operating in the North Sea, because of the depth of water.

In addition to providing cover for mobile drilling units, fixed production platforms, pipe-laying, etc., the market writes insurance for cost of control, clean-up and containment, and seepage and pollution. The cost of control insurance reimburses the assured for the costs of material, supplies, equipment and services necessary to bring a well under control should there be a blow-out. Premium rates are applied to the footage drilled and a percentage of the drilling rate is applied to producing and shut-in wells, etc.

Underwriters have been feeling their way, and gradually have been offering wider cover in connection with exploration for and production of North Sea oil and gas. In many cases, there has been little or no past experience to use as a guide, and there can be very large accumulations of risk in respect of individual locations.

The aircraft market

THERE HAS been a long period of very fierce competition for aviation hull business in the world insurance market. It all stemmed from an unusually good year in 1971, when losses were at a much lower level than had been expected. This brought considerable pressure from airlines for reduced premiums while, at the same time, the capacity of the aviation market expanded, as insurers saw the prospect of good profitability. Rates were cut sharply, and continued to be cut even when it was seen that the pattern of losses was returning to its former level.

As a result of the cut in rates, and the pattern of losses, the 1972 underwriting year was less profitable for many underwriters than 1971. When the 1973 account is closed at the end of this year, it may break even, or show a small loss. Certainly at this stage, it can be looked upon as being no better than "marginal." For 1974, many aviation underwriters expect to experience an underwriting loss across the board.

There is no doubt that the wide-bodied jets were much safer than underwriters had anticipated in their initial rating and, naturally, significant reductions had to be given as this pattern emerged. It is easy to look back and see that rating was too high, but there was no means of knowing at the outset the precise level which should be applied.

While there are a great many factors which have contributed to the notable safety record of the wide-bodied jets, one particularly important aspect was the use of simulators for all dangerous training. As a result, experience of these aircraft during pilot training was very satisfactory and, despite the few losses which have occurred since the wide-bodied jets were introduced, underwriters have no hesitation in saying that they are a safe and good aircraft from their point of view.

Dropped

Premium rates for wide-bodied jets in many cases dropped by one-half, or two-thirds. Premium reductions also were granted for other aircraft, which did not have such good safety records. Competition was such that there was plenty of capacity to accommodate lower valued aircraft at rates which might well prove uneconomic.

Lately there has been a different feeling in the market—not only in London, but in other world markets. Underwriters appreciated that the stage had been reached when it was necessary to take a tougher line.

So far, it is the U.S. market which has received most attention, since it is that market, with its generally good safety record, which was able to secure the largest premium savings in various ways. It has been estimated that overall more than 50 per cent. of worldwide aviation premium income is generated in the U.S.

Since the beginning of this year, some quite significant increases have been made in the rates charged to U.S. airlines which brought losses. Smaller increases have been imposed for the other airlines.

Competition over the past few years has been more severe for hull business than for liabilities, since the whole situation is more clear cut. With liability business, if an aircraft crashes to-day the claims payable under the liability policies may not be finally resolved and settled for several years.

Some years ago, when aviation insurance results were poor, a "support group" was evolved in the market. This helped to stiffen the will of underwriters and their ability to apply better terms. At that time, the arrangement succeeded in increasing rates to realistic levels because the available capacity of the market was needed to complete most risks. Now, however, for most aviation business, there is ample capacity, and a revival of that form of market "discipline" would not have the desired effect.

Nevertheless, the position is changing. A number of insurers who entered the aviation market a few years ago have discovered that it has not been the profitable venture which they anticipated. Nor have they necessarily been able to make good underwriting losses from investment earnings on premiums. It looks, therefore, as though there may be a significant reduction in capacity, with the more aggressive newcomers of the past few years withdrawing with burnt fingers.

There is no reason to suppose that the cycle will not continue in much the same way in the future. At present, with the 1974 and 1975 hull accounts likely to show a loss, higher rates over the next year or two can be expected, until profitability is restored.

Passenger liability

WHENEVER an aircraft on an international flight crashes with loss of life, one can be fairly sure that it will be a long time before the dependants of the passengers receive compensation. This is chiefly because of the legal complications and the fact that there are plenty of different variations regarding the limitation of liability of an airline which can apply to passengers travelling on the same aircraft, dependent on the ticketing arrangements for their particular journeys.

In the case of some passengers, there may be no limitation of liability. Others may be subject to the Warsaw Convention limits, whereas the Hague Protocol may apply to others. A figure for internal flights—within the country involved may be relevant for some passengers, and the Montreal Agreement for others.

Most major airlines in the U.S. have cover of at least $200m.—to cover both third party risks and passenger liability. Currently, the maximum which is being written in the world insurance market is about $250m., although quotations have been provided up to $300m.

Even more significant is the fact that many airline operators in other parts of the world have increased their limits from no more than, say, $50m., up to $100m. or $150m.

Specific

Changes are taking place, and it seems likely that airlines will agree to specific limits irrespective of international conventions. As long ago as 1966, most of the major world airlines agreed to accept contractually a voluntary increase in liability to $75,000 for passengers whose flights were from, to or touching the U.S. That was known as the Montreal Agreement. But, for internal carriage by air in the U.S., there is no limitation for liability once negligence has been established.

In Britain, British Airways and British Caledonian increased their limits of compensation to £25,000 per passenger. Within the next few years, most of the airlines in Western Europe may have taken somewhat similar action.

In different parts of the world limits of liability under international conventions are being ignored, with claimants pressing for higher compensation. The situation over the crash of the Turkish Airlines DC-10 has been very confused, with a large number of suits and counter-suits. Some underwriters feel that, if the claimants receive California-type awards, for all practical purposes, this could be the end of the Warsaw and Hague limits.

As airlines cut back flight schedules to save expenses, many aircraft are flying with greater passenger loads than otherwise would have been the case. There is, therefore, greater "exposure" for liability underwriters within the aircraft.

Premiums for liability insurances have not been cut in the same way as those for hull insurances, and some of the newcomers to aviation insurance have been wary about this class of insurance, in view of the long period which can elapse between a casualty and the settlement of the claim.

While to some extent airlines can limit their liability for the death of passengers in a crash, the manufacturer of the aircraft, or of a component, cannot limit liability. Normally, the contract of sale prevents the airline (or the hull underwriters) from claiming against the manufacturer. But this does not prevent the dependants of those killed in a crash claiming from the manufacturer if it can be shown that the crash was due in any way to the negligence of the manufacturer.

Last year, because of the trend to claim against manufacturers, and the fact that the cause of a crash can be ascertained with much greater precision than in the past, aviation underwriters in the London market increased their premium rates for products liability insurances.

In view of the possible claims which could be made against them, most major aircraft manufacturers are anxious to buy virtually however much protection is available in the market. For aviation underwriters, of course, this represents an accumulation of risk since it is quite possible that, in addition, they will have a substantial interest in the hull of the aircraft and the third party liability insurance arranged for the airline owning the aircraft. As a guide, however, insurance cover up to about $250m. is now available to manufacturers under products liability insurances. From the manufacturer's point of view, however, punitive damages could account for a higher figure than that.

PARLIAMENT

Wilson stands by manifesto policies

THE PRIME MINISTER should turn his "undivided attention" to inflation, Mr. Douglas Hurd (C. Mid-Oxon) said in the Commons yesterday. He had asked Mr. Wilson what general Government policy was proposed following the outcome of the referendum.

Mr. Wilson replied that the Government would continue to pursue policy set out in two election manifestoes last year.

Referring to reports that the Prime Minister was considering going beyond a highly inflationary pay award for railwaymen, Mr. Hurd asked: "If that is true—an award of more than 27½ per cent.—how can anyone take you seriously?"

Mr. Wilson replied that he had had a whole series of meetings with the TUC, the CBI, had chaired a meeting of the National Economic Development Council that morning and would have another meeting with the CBI that afternoon.

Consent

"We are seeking to reach agreement on the basis of consent, and not of confrontation. Any fool can get a settlement through confrontation, but agreement then would not last very long, as we have seen."

Mr. Donald Stewart (SNP, Western Isles) asked about the timetable for Scottish devolution now that the referendum was past.

Mr. Wilson replied: "We are sticking to the White Paper. It is well known that, despite Press rumours—and I do not blame the Press—we are sticking to that. There is no change in the timetable."

In earlier exchanges Mr. Wilson told Mr. George Gardiner (Conservative, Reigate) that the need to curb inflation was due to the fact that "we do not want to imperil the very considerable successes on the balance of payments so far achieved." Continued inflation increases at the present rate would imperil future exports.

Mr. John Tomlinson (Labour, Meriden), asked about pre-Budget consultations with interested parties, and Mr. Wilson replied that this suggestion had been welcomed by both the TUC and the CBI.

"There was reference to it at the very important meeting of the National Economic Development Council this morning when we were discussing the very important role of the TUC and the joint paper produced by the TUC and the CBI," he added.

Opposition leader, Mrs. Margaret Thatcher, said that during the General Election campaign the Healey figure for inflation was 8.4 per cent. and after eight months of Socialist Government, it was now 33.1 per cent.

"What action do you propose to take, if any, to raise the daily declining value of the £?" she demanded.

Unfair

Mr. Wilson replied that this had been answered the previous day by Prices Secretary, Mrs. Shirley Williams.

Pressed by Tory shouts of "answer" Mr. Wilson said: "A very high proportion in the increase in wages over the last year, which I think you regard as uniquely important to this problem, was due to the thresholds introduced by your Government."

Liberal leader, Mr. Jeremy Thorpe, referred to the Chancellor's choice of dealing with wage increases by clawing back through taxation or by cutting down on social expenditure. The unfairness of this was that it hit people equally whether they had settled inside or outside the social contract.

Mr. Wilson agreed, and added that the Chancellor had had to get more in the Budget than he would otherwise have done. He would have preferred, on cost inflation grounds, to increase the level of economic activity in this country because of the increased unemployment.

MPs press for barrier on coach crash road

SCOTTISH SECRETARY, Mr. William Ross, said in the Commons yesterday that a fatal accident inquiry was mandatory under Scottish law if an employee was killed in the course of his employment. This seemed to be the case in the coach crash in which ten people died at Moffat, Dumfriesshire, on Monday.

Mr. Ross was making a statement on the collision between an articulated lorry and a coach carrying many elderly people from the Brighton area.

Mr. Ross said that the accident happened on the Glasgow-Carlisle road. Of the 44 coach occupants, ten, including the driver, were killed and 34 were injured. The lorry driver was also injured.

"The accident took place on a straight stretch of the A74 dual carriageway. There had been very heavy rain before the accident."

Both badly-damaged vehicles were now being examined by regional vehicle examiners of the Department of the Environment.

Calling for the road to be upgraded to motorway standard, Mr. Hector Monro (C Dumfries) suggested: "The erection of central barriers throughout the length of the A74 might have prevented this accident."

Mr. Ross said he had looked at the question of barriers fairly recently. "But I came to the conclusion the money it would cost—£1.5m.—would be better spent in improving safety at road junctions and verges.

"Naturally, in the light of this accident, I will look at it again."

Mr. Andrew Bowden (C Brighton Kemptown) said the people of Brighton had been "stunned and shocked" by the tragedy. He paid tribute not only to the rescue services but to the courage of the people in the accident.

Mr. William Molloy (Lab. Ealing N) suggested there should be a review of technical safety features and of the sort of roads coaches were permitted to use.

Mr. Ross warned him not to jump to conclusions about the cause of the accident. "From the evidence we know of the accident there do not seem to be any general questions here peculiar to safety of coaches."

Mr. Frank McElhone (Lab. Queens Park) said there had been 800 accidents along the road in four years. "While we are waiting for the up-grading of the road and the barrier in the centre, could we have some guarantee that extra police supervision will be put on the road, because it is a very dangerous road."

Mr. Ross said that the Department and the police were looking at the whole question of traffic management. No other accidents had taken place at the location of the coach accident and in 1971-73 only three single-vehicle accidents happened anywhere near it.

Dell hopes for inflation fall

Financial Times Reporter

IN A WRITTEN reply in the Commons last night Mr. Edmund Dell, the Paymaster General, stated that there were "good prospects" that in the second half of 1975 the underlying annual rate of inflation would fall to 12 to 16 per cent.

"Our ability to achieve any further reduction in the inflation rate will largely depend on our success in bringing wage and salary increases below their present level as we enter the next pay round," he stated.

Dell replies to Tory on 'separate' Burmah issues

FINANCIAL TIMES REPORTER

MR. EDMUND DELL, Paymaster General, made it clear in the Commons last night, that there is no question of the profits made by the Bank of England in acquiring Burmah Oil's BP shares last January being taken into account in negotiations over Government participation in the company's Ninian and Thistle oilfields in the North Sea.

He told Mr. Peter Temple-Morris (C. Leominster): "The price paid for these shares is a separate issue from the negotiations with the Burmah Oil Company over participation in the North Sea oilfields, which are now taking place."

Mr. Dell recalled that the Bank had purchased from the company 77.8m. Ordinary stock units of BP for a sum of nearly £179m.

"On the assumption that so large a holding could be sold at the current market price, which is by no means necessarily the case, the value of the holding at the close of business of June 12 was just over £395m., or £216m. more than cost."

Mr. Dell also stated that Burmah Oil had not requested a meeting with the Chancellor of the Exchequer to discuss a possible renegotiation of the terms under which the Bank of England acquired the shares.

Simonstown: Tory MPs furious but Left cheers

BY JOHN HUNT

THE ENDING of the Simonstown agreement means an end to all the bilateral military co-operation between Britain and South Africa associated with it, Mr. William Rodgers, Minister of State for Defence, told the Commons yesterday.

He came under fierce attack from angry Tory backbenchers who were annoyed that the decision to terminate the agreement had been quietly announced in a written answer the previous night.

They maintained that the Government was giving in to Left-wing pressure and that the decision would give comfort to the Soviet Union which was building up its naval strength in the Indian Ocean.

Mr. Edward Taylor (C, Cathcart) accused the Government of "bowing down to Left-wing pressure and giving it precedence over the security of the West." According to Mr. Ronald Bell (C, Beaconsfield), the agreement had been terminated only because "of the rabid, dogmatic disagreements with certain elements of the Labour party."

About 70 Conservative backbenchers had signed a motion on the Commons Order Paper condemning the Government decision as detrimental to our national security. It was noticeable, however, in the Commons exchanges that most of the fire came from the backbenchers while Mr. Reginald Maudling, "shadow" Foreign Secretary, contented himself with a series of questions.

Labour backbenchers—particularly the Left-wing—greeted the announcement with delight. It was also welcomed as "long overdue" by Mr. Jeremy Thorpe, the Liberal leader.

MR. EDWARD TAYLOR 'Bowing to Left.'

The Minister of State told his Tory critics: "We should be looking at what Britain requires to-day in a hard-headed fashion. Imperial illusions have nothing to do with British defence needs in 1975."

He said that the Navy would continue to operate in the Indian Ocean using commercial shipping facilities but expected to do so less frequently than in the past. The termination of the agreement would have no effect on our defence expenditure nor on our exports.

British naval vessels would still use Simonstown on a commercial basis and the other ports that could be used in the Indian Ocean included Karachi, Colombo, Mauritius, Mombasa and the Seychelles.

Mr. Rodgers told the House: "It is ridiculous for us to-day to pretend to be a peace force around the world. There is no reason to believe we shall be inhibited in what we need to do by giving up Simonstown."

Even if the Soviet Union did present a threat to peace we would not mitigate that threat in any way by maintaining the Simonstown base. There were political advantages in terminating an agreement which no longer had military advantages for us.

The maintenance of an agreement with a regime which was regarded with abhorrence by many people had been regarded as signs of support for South Africa. This did not help us in our dealings with other countries.

Mr. Frank Allaun (Lab., Salford E.) asked him for an undertaking that all military co-operation with South Africa would now end. Mr. Rodgers told him that it would mean an end to military co-operation of the kind that Mr. Allaun had in mind.

Mr. Phillip Whitehead (Lab., Derby N.) wanted to know if it meant an end to all bilateral defence agreements of any kind with South Africa. Mr. Rodgers replied: "It is the end of all bilateralism of the kind which has been associated with this agreement."

Greater combat capability in streamlined Army—Minister

DEFENCE CHIEFS were still sifting "a mass of fine detail" in deciding exactly how the 15,000 cut in the Army's strength would be realised, Defence Under Secretary Mr. Bob Brown, said in the Commons yesterday.

Opening a debate on the Army, he warned that some redundancies would be unavoidable, although it was hoped that the reduction—10 per cent. of the total force—would be achieved as far as possible by natural wastage.

Mr. Brown also cautioned that as well as the troop reductions, there would be proportional cutbacks in the number of civilians employed by the Army.

Despite Tory questions, the Minister said he could not detail how much money would be saved by the proposals for the Army which had been outlined in the defence review. But he pointed out that the biggest cost of any Army was the cost of manpower.

At the end of the re-organisation, he said, Britain would have a more cost-effective and streamlined Army with fewer overheads and a greater combat capability.

"We will have a modern Army geared to the requirements of the 1990's," said Mr. Brown.

After telling MPs of the "fine detail" now being sifted in the Defence Department, Mr. Brown said Ministers expected that redundancies would start in the Army towards the end of next year. It was hoped that reductions would be phased over a period of something like four years.

He assured MPs that every effort would be made to assist a return to civilian life by those who lost their Army jobs.

Mr. Brown told MPs of the recent cut from 16 to 13 infantry units in Northern Ireland but warned: "Any further cuts in force levels in the Province must depend on the lowering of the present level of violence."

From the Opposition front bench, Mr. Philip Goodhart said that the shape and deployment of the Army's new "financial divisions" had been dictated by the size of our purse rather than the scale and scope of the threat Britain and her allies were facing.

By cutting, Ministers had helped to make the soft underbelly of NATO "just a little bit softer."

On Northern Ireland, Mr. Goodhart warned that although the ceasefire had reduced the casualty rate "there are those of us who fear that the IRA is using the ceasefire to rest, re-group and re-arm."

He said that Ulster political leaders should urgently reach agreement on future policing arrangements in the Province. The raid on the UDR armoury underlined that a military presence was needed in Northern Ireland for "a long time to come."

Discrimination Bill change

THE GOVERNMENT is to amend the Fair Employment (Northern Ireland) Bill to protect people of no religious conviction against discrimination.

This undertaking was given by the Under Secretary Northern Ireland, Lord Donaldson, during the committee stage of the Bill in the Lords yesterday.

The Bill bans certain kinds of discrimination on the grounds of religious belief or political opinion and establishes a Fair Employment Agency for Northern Ireland, to promote equality of opportunity and secure remedies against unlawful discrimination.

Baroness Bacon (Lab) said that "strange as it might seem," there were people in Northern Ireland with no religious beliefs, and Lord Brockway (Lab) referred to the contribution being made by people who were independent and neutral "in the struggle between the Catholic and Protestant population."

Lord Donaldson said that the Government intended to ensure that the agnostic or atheist was subject to the law in exactly the same way as a member of any religion.

An amendment would be tabled on the report stage of the Bill for this purpose.

International accounting standards published

BY MICHAEL BLANDEN

IMPORTANT AND in some cases controversial accounting principles have been set out in two new exposure drafts published by the International Accounting Standards Committee.

The two drafts are the fourth and fifth produced by the committee, representing a wide spread of countries including the U.K., the U.S., Germany and France. If accepted, it is planned that they should become effective as international accounting standards for financial statements covering periods from the beginning of January 1977.

Both are related to U.K. experience in the provision of financial information. The fourth draft covers depreciation accounting, and like the recently published exposure draft of the U.K. accounting standards steering committee on the subject requires that fixed assets should be depreciated on a systematic basis over their useful life. It requires that this life should be reviewed periodically and the depreciation rate adjusted as necessary.

It also proposes, in line with with the U.K. draft, that buildings (whether held for use or rental) should be depreciated. This proposal has already aroused widespread criticism in the U.K., particularly from the property industry, and is likely to be similarly controversial on the international scene.

Generally, the draft emphasises the considerations to be borne in mind when considering the "useful life" of an asset. These include: wear and tear, taking into account the effect of shift work; obsolescence for technical reasons or changes in demand; and legal limits on the use of an asset.

The other draft gives details of the information which should be disclosed in financial statements. The overall philosophy is that "all information should be disclosed that is necessary to give the users of the financial statements a clear understanding of the statements."

This draft is regarded as the necessary support for the IASC's first international accounting standard, which laid down rules for the disclosure of accounting policies. The new draft, which in general follows the requirements laid down in the second Schedule of the U.K.'s Companies Act, 1967, is expected to fill important gaps in the disclosure of information needed for the interpretation of accounts.

Nuffield hospitals link with private scheme

BY ERIC SHORT

PRIVATE PATIENTS Plan the second largest medical insurance company in the United Kingdom, is linking with the Nuffield Nursing Homes Trust, which operates the largest chain of private hospitals in the country. The aim is for PPP to provide substantial sums to assist the Trust in its nationwide expansion programme.

But this will not mean an increase in the premiums paid by the subscribers of PPP for their medical insurance. The money will come out of investment income which amounted to £673,000 in 1974. Since the Trust is a charitable organisation, PPP will be making payments by means of a covenant over seven years and expect to contribute at least £1m. over that period.

The proposed phasing out of pay beds from the National Health Service is resulting in private hospital organisations having to accelerate their building programmes. The Trust has 24 hospitals at present in operation and four more are in various stages of building or planning.

PPP will be able to help in fund raising by circularising its members in any area where a hospital project has been launched. PPP will be represented on the Board of the Trust by its vice-chairman Mr. J. F. Phillips. The Trust has been sponsored by British United Provident Association, the largest medical insurance company in the U.K., since its inception in 1957.

University art treasures safe, says Mulley

FINANCIAL TIMES REPORTER

PRESSURES ON the education budget, and fears about the public expenditure cuts promised by the Chancellor, placed Mr. Fred Mulley, the new Minister of Education, on the defensive when he made his question time debut in the Commons yesterday.

But after stonewalling on such issues as the provision of more finance for adult education and school transport, he firmly repudiated any question of the Government supporting the idea that the universities should help to overcome their financial problems by selling off their art treasures.

Mr. Mulley insisted that when his predecessor Mr. Reg Prentice told a Commons Select Committee last month that a university professor had said times were so hard that it might be necessary to sell famous oil paintings it was no more than a light hearted remark.

"It was not a suggestion from Mr. Prentice that universities should finance themselves by selling art treasures," he maintained.

"But if there is a scintilla of doubt that this might become Government policy I would disabuse them completely. I would not be a party to any such suggestion."

Miss Joan Lestor, the recently appointed Under Secretary, was also markedly on the defensive when, on her debut in her new role, she was asked to consider the re-introduction of free school milk for children aged between eight and 11.

When she replied that future policy on school milk was still under consideration she was quickly reminded from the Opposition benches that she had been one of the fiercest critics of Mrs. Margaret Thatcher, the Opposition leader, when, as Secretary for Education, she abolished the provision of free school milk for the eight to 11 age group in 1971.

Miss Lestor, who said it would cost £8m. to make the reintroduction, stressed that she was not in a position to make any announcement although she agreed with Mr. Stan Newens (Lab., Harlow) that it was desirable that milk should be freely available to children.

Mr. William van Straubenzee (C., Wokingham) recalled that Miss Lestor had been deeply engaged in the school milk controversy in 1971 and suggested that should the Government be unable to authorise the reintroduction she would feel compelled to resign.

Miss Lestor replied: "You want me out of my job a little early. I remember clearly what I said. I in no way retract it.

"We are in financial difficulties and the whole field is under review. I cannot give any commitment about my future or the future of school milk this afternoon."

Banks have more money to lend

A CONTINUED steady rise in the money supply is suggested by the Bank of England's latest figures for the banking sector, though there are doubts about the validity of the month-to-month comparison this time.

The figures show that the total eligible liabilities of the banks rose from £32.3bn. in mid-April to £32.7bn. in mid-May. Publication of the figures has been delayed as a result of the new basis on which statistics are being collected from the banks.

For the same reason, the figures for the latest month, though thought to give a more accurate impression of the state of the system, are regarded as provisional and may not be completely consistent with earlier months.

With this proviso, it looks as if the uptrend in bank deposits has continued. The interest-bearing element in bank liabilities, including deposit accounts which influence the wider definition of money supply, M3 showed a renewed increase from £22.1bn. to £22.3bn. after a fall in the previous month.

The figures confirm that the banks remain relatively comfortably placed to increase lending, with the average reserve ratio for the banking sector as a whole at 13.7 per cent. against a minimum 12.5 per cent.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS AND SPECIAL DEPOSITS

1—Banks	§May 21, 1975 £m.	Change on month £m.
Eligible liabilities		
London clearing banks	18,562	+234
Scottish clearing banks	1,923	− 9
Northern Ireland banks¶	485	− 40
Other deposit banks	408	− 4
Accepting houses	1,265	− 56
British overseas and Commonwealth banks	1,723	+ 33
American banks	2,614	+ 31
Foreign banks and affiliates	738	+ 54
Other overseas banks	352	− 5
Other U.K. banks¶	4,314	+173
Total eligible liabilities*	32,689	+307
Reserve assets		
London clearing banks	2,563	+ 69
Scottish clearing banks	266	+ 8
Northern Ireland banks	68	− 11
Other deposit banks	56	+ 1
Accepting houses	170	− 43
British overseas and Commonwealth banks	252	+ 5
American banks	351	− 3
Foreign banks and affiliates	115	+ 3
Other overseas banks	58	− 1
Other U.K. banks	579	+ 2
Total reserve assets	4,478	+ 42
	%	%
Ratios		
London clearing banks	13.8	+ 0.3
Scottish clearing banks	13.8	+ 0.4
Northern Ireland banks¶	14.0	− 1.9
Other deposit banks	13.9	+ 0.5
Accepting houses	13.4	− 3.3
British overseas and Commonwealth banks	14.5	− 0.3
American banks	13.4	− 0.7
Foreign banks and affiliates	15.6	− 0.4
Other overseas banks	16.5	− 0.5
Other U.K. banks¶	13.4	− 0.5
Combined ratio	13.7	—
	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	314	+ 49
Treasury bills ‡	735	+189
Tax reserve certificates	—	—
Money at call	2,311	−163
British Government stocks with one year or less to final maturity	356	− 43
Local authority bills	142	− 3
Commercial bills	615	+ 22
Other assets	5	—
Total reserve assets	4,478	+ 42
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	264	+ 9
	£m.	£m.
2—Finance houses		
Eligible liabilities‡	238	—
Reserve assets	24.5	+ 0.4
Ratio (%)	10.3	+ 0.2

** Special deposits at May 21 were £950m. in respect of banks (up £8m. on the month), and £7m. (unchanged) in respect of finance houses.

* Interest-bearing eligible liabilities in £m., excluding banks in Northern Ireland, was 22,318 at May 21, and 21,135 at April 16. ‡ Virtually all interest bearing. § Figures in part are provisional and may not be fully consistent with earlier dates. ¶ From May, 1975, offices in Great Britain of Northern Ireland banks are included in Other U.K. banks.

N.B.—On February 28 the supplementary deposits scheme was suspended for the time being.

The Executive's World

North Sea oil starts to flow to Britain, but it has already had a considerable impact on the Scottish economy.

Ben Line's super drillship

LATER this year a significant and expensive piece of ironmongery will slide from its building berth at the Cartsdyke yard of Scott Lithgow, the Lower Clyde shipbuilding company.

Contract No. 744, a £20m. drillship of advanced design, is not only the interesting product of international co-operation *involving companies in New* Orleans, Rotterdam, Edinburgh and Greenock; it also signifies something of the industrial renaissance that is struggling to take place in Scotland on the shoulders of North Sea oil.

The venture was initiated by Ben Line, the Edinburgh-based shipping company, most of whose trade is on Far Eastern routes. It is part of a deliberately planned diversification of the company's business, which has so far halved its fleet of conventional vessels as it has gone first into container traffic and second into specialised chemical tankers.

The third area the company examined was oil. During 1972 it studied ventures involving the construction and operation of lifting-and-laying barges, rig supply service boats and coastal supply bases. It decided eventually on exploration drilling, having identified a lack of British contracting capacity which was subsequently, and critically, confirmed in the spring 1973 IMEG report to the Government on British offshore market opportunities.

Ben Line spent some time talking to major oil companies and quickly came to the conclusion that it could not undertake the project solo. Even the most frequently offered advice in those early days of North Sea oil—to "buy yourself an oil expert"—was treated with native caution. "We just did not know enough of the business to be sure that we would be buying the right experts," says Ben Line's joint managing director, Mr. Dick Thorman.

The decision to seek a partnership with a company established in the oil industry was therefore inevitable. But Ben Line was concerned from the outset that its involvement would not amount to "a sleeping partnership." It wanted its own marine and engineering skills fully deployed alongside the oil experience of any potential partner. So it set out first to describe its own ground-rules.

It did so by determining the market within which it would operate. It decided against using jack-up and semi-submersible exploration rigs, or conventional anchored drillships (the type of equipment chosen by the first British offshore drilling contractor, Edinburgh-based Christian Salvesen). Ben Line elected instead to invest in a sophisticated dynamically-positioned anchorless drillship, designed to explore for oil in sea depths *of up to 3,000 feet.*

The company liked the technical complexity of the equipment (the vessel is held on station by computer-controlled stern and bow propellers). It feels this will render indispensible the full stretch of its marine expertise. In addition, the vessel's mobility will give it a world-wide working beat, while the existence of only three other comparable vessels (SEDCO's "445" on charter to Shell; Nordic Offshore's "Havdrill" and Total's "Pelican") conveniently restricted the competition.

Gamble

The company has also been persuaded by oil industry judgment that the search for oil will shortly have to push into sea depths beyond the 500-600 feet to which extraction techniques are currently limited. This confidence is apparently confirmed by the fact that a charter for the vessel is expected to be announced well ahead of next summer's delivery date. On the other hand, Ben Line is gambling that new sub-sea oil well completion techniques will be commercially available soon —otherwise it runs the risk of confining the use of an expensive piece of exploration equipment to shallower waters infested with cheaper competing conventional rigs.

Having decided on its equipment, Ben Line sought a partner first among the oil companies and (when "this did not click") subsequently within the drilling contracting industry. The Schroder Capital Corporation of New York undertook two appraisals of potential partners, leaving Ben Line eventually with a list of four top-flight contractors. Talks with one of these —Ocean Drilling and Exploration Co. of New Orleans (ODECO)—proved successful. ODECO, which has been 21 years in the international drilling business, at that time operated a fleet of 20 rigs, mostly semi-submersibles (and with no drillships), though its subsequent acquisition of Stormdrill added a further 14 vessels.

Together the two companies formed a 50-50 deadlock venture Ben-ODECO. In Ben Line's case the financial exposure has been reduced by the formation of Ben Line Offshore Contractors, in which a 47 per cent. minority stake is shared by North Sea Assets and the Royal Bank of Scotland. It is BLOC which holds 50 per cent. of Ben-ODECO. The American's jack-up rig "Ocean Tide," now operating off the Netherlands, was thrown in to give the new company immediate operating experience and some cash flow and Thorman is able to say "We're now into the oil business, on the mezzanine floor."

The partnership decided to place its first contract with Scott Lithgow—having precipitated a deal between the Lower Clyde builders and IHC the Dutch marine engineers who pioneered the dynamically-positioned drillship design and built both the "Pelican" and "Havdrill" vessels. Scott Lithgow now has a ten-year agreement with IHC as its British licensee for the design.

Ben Line seems to have wanted a British yard which would "put some beef behind the project" and whose nearness would make the monitoring of the complex project easier. It was also attracted by Scott Lithgow's experience of submarine and other naval fighting ship construction which made the builders no strangers to the electronic gadgetry which will be at the heart of the drillship.

The arrangement has also suited Scott Lithgow, which, when the cry was loudest for greater participation by Scottish industry in North Sea developments, took the policy decision to confine its involvement to the "ship shapes" it knew best.

With orders taken for oil-rig service and supply vessels, the shipbuilding group has built up an oil-related order book worth about £80m., which represents more than one-third of the company's total work. Indeed, it now forecasts that it is possible that during the next two or three years oil-related work may overtake conventional shipbuilding as its primary source of business.

The venture also gives Scott Lithgow a foothold in a new technology (dynamic positioning) which it imagines may have an application in the conventional merchant vessels it is used to building.

The contract, masterminded by Ben Line, is one of the more progressive examples of Scottish industrial spin-off from oil —stimulated by the North Sea excitement though not, as it happens, directly aimed at that oil location. Ben Line reckons that all but 20-25 per cent. of the vessels will be manufactured in Britain, including some items (like the specialist heave-compensators provided by the Edinburgh engineers, Brown *Brothers) which it had previously* been assumed would be available only from American manufacturers long associated with the oil industry.

It seems characteristic of Ben Line's aggressive approach to the new project that it should be restless even about that foreign content. "It's 25 per cent. too much," says Thorman who believes British industry may already have missed one or two boats in the offshore market.

Chris Baur

The hull of the oil drillship Ben Ocean Lancer begins to take shape at Scott Lithgow's yard. It will be launched in October-November.

The retailing revival in foods

ABERDEEN, the granite city which used to rely on agriculture and fishing for the vast majority of its income, is now an oil town. Round the city hundreds of acres of what used to be farmland have been turned over to trading estates where pipeline, drill bits, massive chains and anchors, and all the other thousands of bits and pieces which go to make up the oilman's paraphenalia are stacked in great profusion.

There is still a fish market at the harbour and the fishing boats are still there, but today they are overshadowed and almost outnumbered by the hardy rig supply boats.

These are the most visible signs of the revolution brought about by the cosmopolitan invasion of oil men, but the effects of the big exploration boom go much further.

Rental levels in Aberdeen are now as high as almost anywhere else in the country outside of London and a good deal higher than most. The general level of wages has risen very considerably faced with competition from the £70 plus a week which even the most junior rig men can achieve.

But while the oilmen import most of their direct requirements the provision of ancillary goods and services has fallen to the traders and industrial companies on the eastern seaboard. Those who have reacted quickly and efficiently to this challenge are enjoying unprecedented levels of business and in many cases profitability; the demands and schedules laid down by the oil companies are rigorous but in return they are prepared to pay well.

One company which has had more than its fair share of the oil-generated business is the privately owned JGB Group. Owned and run by the two sons of the founder the group is small enough to react entrepreneurially in any given situation, but big enough to finance the new developments it considers advantageous. In five years the shape of the group has changed almost completely; were he still alive James Grieve Barrack would not recognise the haulage company which he founded back in 1924, but he would hardly quarrel with the actions of his two sons which have built a turnover of £20m. a year—most of which is from oil-related activities.

When the oilmen came to Aberdeen in 1968, JGB was still a transport company operating a fleet of around 100 vehicles. Immediately the group got into the act by supplying trucks, cranes, and forklifts, and by 1970 brother Bill and Hamish decided that diversification was called for. Tentative steps were taken into the areas of food processing, retailing, and light engineering.

But the real break came in 1972 when Seaforth Maritime, with plenty of cash and not enough transport, made a bid for the whole of JGB's transport operation. The brothers pondered—and decided that the undisclosed cash sum which Seaforth offered was too good to refuse. With the cash they bought control of Burntisland Fabricators which manufactures modules for exploration platforms, and got into the property development business, buying land in the new trading estates, developing offices, warehouses and so forth, and leasing them to the oil companies.

Property to-day is the biggest single contributor to turnover at £6m. a year. Next comes food and engineering—each around £5m., while vehicle and plant hire makes up the other £2m. of the £20m total. However, the food side is the one earmarked for the greatest expansion and will shortly overtake property if everything goes according to plan.

The food side of the operation is also perhaps the most interesting. In 1971 JGB bought out a traditional wholesaler called Edwards which also did some of its own food processing and had a turnover of £300,000 a year. In just a short space of time this has been transformed to a £5m. sales figure and this from a pokey, quite unsuitable, factory building in the centre of Aberdeen with just 11,000 or so square ft. on three floors and a lot of little nooks and crannies.

Now, however, the group has developed a new site just outside of Aberdeen, and close to where a new ring road is to be built. Here they have a 30,000 sq. ft. cash and carry cum warehouse, and by the end of the summer they will also have a 35,000 sq. ft. factory for the food processing part of the business.

Groceries

One of the most fascinating experiments which Edwards tried was the setting up of an American Foods Store. They bought a 1,000 sq. ft. grocery store standing isolated in the West Aberdeen residential district and packed it out with U.S. groceries specially imported at considerable cost. Nearly all the 2,000 items on sale are shipped from the U.S. by container, and as near as one can judge prices are nearly half as much again as the cost of an equivalent U.K. product range at a normal grocer.

In just two and a half years the turnover of that store has climbed to a fantastic £4,500 a week. Delivering as far south as Glasgow and Edinburgh and to the North as well Edwards reckons that it has a catchment area of 13,000 Americans, but that anyway the locals are beginning to catch on to the idea as well. Certainly the £4.50 per square foot that Edwards does from a tiny off-centre location grocery store is the sort of figure that multiple grocers are pleased to achieve from 20,000 sq. ft. supermarkets on prime sites.

At least two more American Food Stores are planned elsewhere in Scotland, but the real cream of the Edwards food business is rig catering. It supplies 100 per cent. of the food and grocery requirements for nine of the 45 or so rigs currently operating in the North Sea, and services part of the requirements of a further six.

There is still more business available in this area, but lack of capacity will be a restraining factor until Edwards can get into its new premises. The beauty of the rig catering operation is that it is very big business for a traditional wholesaler. Edwards has just linked up with A and O International —a voluntary group—and without the rig business it would be a typical voluntary group wholesaler offering a large number of small retailers the bulk purchase facilities of head office on orders which are far from bulk as between individual retailer and wholesaler.

Edwards services something like 500 independent grocery outlets, many of whom will not order more than a case of a given product at any one moment in time; most individual orders therefore are unlikely to amount to more than a few hundred pounds at best.

Matched against this one oil company alone has regular orders—three times a month—for around £15,000 a time. The cost of food groceries and other sundries such as bedding can pass through the eye of a needle compared with the costs of financing, maintaining, and using an oil rig; but in the more mundane on-shore business the size of orders is way beyond normal expectation. Currently more than half of Edwards' food and grocery turnover comes from the 15 rigs it deals with.

Undoubtedly the JGB story is representative in type if not in detail of many other business enterprises down the eastern seaboard.

The big question now—and the most unpopular one to put to almost anyone living in Aberdeen—is what happens when exploration is complete and the oil is flowing freely. When that does happen the rigs will be towed away to new endeavours elsewhere and large chunks of the new industrial Aberdeen are likely to go the same way as some Californian ghost towns. The Barracks are banking on the fact that this will not happen in their lifetime.

Sandy McLachlan

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Grossing up dividends from abroad

I receive certain dividends from U.S. and Canadian mutual funds, taxed partly at source and partly after transfer to this country. According to my tax return guide, I have to enter the "gross amount, that is, before deduction of tax" in the appropriate compartment. But what is the gross amount? I have for some time been accustomed to gross up the net dividend at the basic rate of U.K. tax. Is this right?

Your practice of grossing up the net amounts of your American and Canadian dividends at the basic rate of U.K. tax will have produced substantially the right answer in past years, although this is a rough-and-ready method which cannot be applied universally to foreign dividends. Strictly speaking, the figure which should be entered on your tax return is the amount on which the U.K. tax has been charged at the rate stated. If in doubt, you can arrive at the answer by dividing the amount of U.K. tax by the rate at which it was charged: this answer will generally be the amount of the declared dividend, before deduction of local taxes, but the position may be a little more complicated where collection charges have been incurred overseas, for example.

Bank interest relief

Where one has a bank overdraft at March 26, 1974 converted into a loan before April 5, 1975 what is the position in the following cases:

(a) The overdraft when converted is lower than at March 26, 1974. Do you therefore receive the full interest relief other than the first £35?

(b) The overdraft when converted is higher than at March 26, 1974. Do you receive interest relief on the proportion the overdraft bears at March 26, 1974 to the overdraft when converted and so on each year up to April 5, 1980 and deducting £35 from the figure so ascertained? What is the position if the loan is increased between conversion and April 5, 1980?

(c) What is the position when a higher figure is converted and includes the interest debited at June 30, 1974 and December 31, 1974?

(d) If the overdraft is converted into a loan on say December 31, 1974, is the interest from the Jan. 1, 1975 to April 5, 1975 (which is included in the interest debited to the loan account on June 30, 1975) taken into the tax year ended April 5, 1976 and allowed in full?

It is not possible to deal in detail with every situation implicit in your questions, but broadly the answers are as follows:

(a) Yes, up to April 5, 1980.

(b) (i) Yes, provided that interest is calculated at a single rate on the whole loan (as distinct from a formula such as x per cent. on the first £Y and z per cent. on the excess).

(ii) The allowable proportion would be reduced. It is simpler to arrange for any additional borrowing to be by way of a separately designated loan account.

(c) If the June and December, 1974 ovedraft interest was not actually paid during 1974-75, but *was merely added to the indebtedness,* no tax relief in that respect is due for 1974-75. However, if the interest is paid in a later year (for example, by reducing the replacement loan), relief is due for the year of payment, subject to the restrictions which would have applied if the interest had been paid when it fell due.

(d) Yes, subject to the £35 restriction, etc.

VAT and furnished lettings income

I am a registered person for VAT. At the same time I have investment income from furnished lettings but for this there are separate books, records and bank accounts. The Customs and Excise maintain this income is an exempt supply and therefore should be included in the Returns and VAT records. To my mind, the income from furnished lettings does not constitute "supplies of goods and services by way of business" (VAT book 700, page 19) because business is defined as "including trade profession or vocation" (same page): and it seems to me that this definition cannot include this investment income in my case. In view of the fact that my business and investment income are quite separate does the case of Bertam and Co. v. The Commissioners have any relevance?

Your only effective means of contesting the Customs and Excise contention regarding the rent is by appealing to a VAT tribunal but before doing this you should consider the de-minimis rules set out in Notice No. 706 on partial exemption to see if these would provide relief.

The VAT tribunal decision in the case of Bertam and Co. was reversed when the Customs and Excise took the matter to the Divisional Court.

MP3/4

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, JUNE 18, 1975

Concentrating the mind

THE President of the Amalgamated Engineering Union, Mr. Hugh Scanlon, went out of his way on Monday to inform delegates attending the annual meeting of the union that he was strongly opposed to any re-writing or renegotiation of the social contract. This made it clear that he was hostile to the attempts that are at present being made within the TUC to sponsor a new form of contract and a new set of voluntary wage guidelines that will be more strictly observed than the original agreement. For this reason, Mr. Scanlon's attitude was widely interpreted as a set-back for the Government in its efforts to bring wage-led inflation under better control.

But yesterday the delegates voted by a substantial majority to oppose any form of social contract with the Government, whether in its present or a more effective form. They have gone considerably further than Mr. Scanlon himself was prepared to go openly on Monday, and the result is that one of the country's largest unions is now committed to work against existing wage restraints, such as they are, and any alternative restraints that may be proposed, both inside the committee of the TUC and at the annual conference in September. Those who regarded Monday's speech as a setback for the Government may well consider that yesterday's vote is a disaster.

Engineers' vote

If it serves to drive home the fact that the Government is in danger of exchanging one suit of non-existent fine clothes for another, however, the engineers' vote may serve to strengthen Mr. Healey's will to face the need for meeting an urgent situation with effective measures rather than with vague resolutions of goodwill. The first variant of the social contract was ineffective because the aim was insufficiently ambitious and because actual achievement fell well short of the aim.

The aim which the Government has set for the nevt stage of its anti-inflation policy, a halving of the current rate of inflation over the next year, is again grossly inadequate, mainly because it has been largely influenced by a consideration of what the TUC might be brought to accept. The only firm proposal made for a new set of wage guidelines has already created great controversy within the TUC, even before the engineers came down so firmly against it. Even if it had proved possible to reach formal agreement of some kind by next September, therefore, there would be little firm ground for hoping that the new guidelines would be much better observed—at least as far as voluntary restraint in wage claims is concerned—than those at present in force. It might, however, have taken several months more for the Government to admit the obvious and take more forceful action.

Preconditions

We are not necessarily opposed in principle to discussions between the Government and the TUC about voluntary means of keeping the growth of incomes under control, any more than we are opposed to tripartite discussions, of the sort which took place in the National Economic Develop- Council yesterday, about matters of joint concern. Our principal reservation about the sort of discussions that are taking place at present is that they are still being represented as a means of making an early or effective contribution towards solving what is now an acutely urgent problem.

So far as social contracts or income policies are concerned, success is in any case conditional on the Government's readiness, first, to enforce the terms of the social contract in that area of the economy over which it has responsibility as employer or paymaster, and second, to ensure that its general management of the economy is calculated to encourage restraint. The Government's main task has only been outlined more clearly by the difficulties which are being encountered in cutting the social contract to fit circumstances. It is to bring public expenditure back under better control by creating, through cash ceilings on expenditure or some similar device, the conditions which are already helping to bring wage settlements in the private sector of the economy back towards a more realistic level.

Serious, but not hopeless

THE COMMUNISTS' success in the Italian regional elections surpassed even their own expectations. The Party's share of the vote advanced by 5.5 percentage points—from the previous elections in 1970 to 33.4 per cent., bringing them within two points of the Christian Democrats, previously the indispensable party in any national Government. If the results were repeated at the national level, there would be the chance of a left wing, Communist-dominated majority Government for the first time.

Portugal

Such an outcome is naturally a cause for concern for Italy's friends and allies, the more so as the whole of Southern Europe from Portugal to Turkey is now in a state of political instability. It is a cause for concern, but does not necessarily mean that Italy has to be written off as an unreliable partner. In the first place, the results were a success for the Communists, but not a total defeat for Christian Democracy. The gap between these two major groupings was further closed, but the main losers were the smaller parties. The Christian Democrats and their current partners could still produce a comfortable majority if they chose to do so. In the second place, these were regional and not national elections. National elections are not due until 1977 and are rarely held prematurely.

That said, it is clear that the Christian Democrats have a great deal to think about. The Party's tactics have now twice seriously misfired in little more than a year: first in the referendum on divorce which showed a majority of the electorate in favour of liberal reform, and now in their stress on law and order and the example of Portugal.

The lack of impact of events in Portugal is the more surprising. After all, here was another Southern European country where the Communist Party had won scarcely 10 per cent. of the vote only two months ago, yet along with the military has proceeded to attack democracy itself.

Of course, the Italian situation is different. There is no Left wing military eager to seize power. The Italian Communist Party is one of the least Moscow-orientated. It has made its way through the ballot box as well as the shop floor. It has made a respectable contribution to Italian life through its work on the standing committees in Parliament as well as in the regions it controls. It says it is in favour of remaining in NATO, if only not to upset the European balance of power. In this its attitude is not much different from that of members of some NATO governments (for example, the Dutch Labour Party) who tend to oppose anything that would strengthen the alliance, or indeed from that of the Italian Socialists.

Unknown

How much of this is purely tactical is the great unknown question. It is plain, however, that the old Christian Democrat approach of attacking the Communists simply because of their foreign policy is no longer adequate. Those who do not remember the cold war and are oblivious of or indifferent to Soviet military power simply do not heed it. This is a problem not confined to Italy; it runs in varying degrees throughout the alliance. It may be partially countered by a wider dissemination of the facts about the Soviet arms build up, but in Italy the Christian Democrats have probably left it too late to do it by that alone. Now that they have been put so clearly on trial, they will have to show that they can provide better government than anything promised by the Communists. It will be difficult, but not impossible.

The social contract comes up for renegotiation

By JOHN ELLIOTT, Labour Editor

WHEN the TUC meets the CBI to-night and later the Chancellor of the Exchequer to discuss the future of the social contract it will be embarking on what was planned as the most far reaching initiative ever mounted by the trade unions. But from the start it is bedevilled by the Engineers' national conference decision yesterday opposing any tightening of the TUC's wage guidelines and also—in effect—instructing the union and its president, Mr. Hugh Scanlon, to vote against the social contract at every opportunity including meetings of the TUC economic committee, general council and annual Congress.

The AUEW's decision is significant for four main reasons. First it undermines the TUC's authority in the talks now starting. Secondly it could well encourage the Transport Workers' and Miners' conferences next month to resist the contract, and thirdly it ensures a major split at the annual Congress.

Fourthly, it makes successful implementation of any policy extremely difficult because the AUEW has members in almost every industry. As one senior union leader said to me last night: "This is a very severe blow but it won't stop us going ahead. But if a union like the AUEW says it is not prepared to play, it makes it very difficult for the rest of us, if not impossible, to mount a uniform operation."

However, both TUC and CBI leaders believe that there is a strong mood among their members around the country who, at last realising the threats of inflation, are ready to go for some new initiative. Despite the Engineers' not unexpected decision, the TUC will therefore press ahead with the talks whose shape and outcome depend not only on Mr. Scanlon's tactics but also on how much of an understanding the CBI and TUC reach to-night. How the railways dispute develops is also crucial because of the impact a national railway strike, with sympathy action by other workers, would have on relationships within the Labour movement.

Influential leader

The TUC's target in its talks is to break the inflationary spiral and to help the country's economy get through the coming year in such a way that it can take advantage of an improvement when it comes. The TUC's motivation is a wish to protect union members' jobs and living standards and to maintain a Labour Government in office.

The prime mover among the unions is Mr. Jack Jones of the Transport Workers—now by far the most influential TUC leader in the country—backed by men like Mr. David Basnett of the General and Municipal Workers and by TUC headquarters. The TUC has suggested that one way to achieve their target might be for unions to agree to peg wage rises below the current rate of price increases, and to accept rises in the form of flat rate cash increases rather than percentages.

The Engineers' opposition underlines the size of the task which the unions are attempting. By considering asking workers to accept wage rises below the rate of price increases, they are laying themselves open to Mr. Scanlon's accusation that they are cutting living standards. For years the trade union philosophy has been to improve gradually year by year their members' standards of living by more than offsetting price rises in their wage deals.

Last year the TUC broke this tradition when it persuaded its unions to accept, at least in theory, that the country's economic problems meant that they should only maintain and not improve living standards. Now it is considering a policy which has the same end target but which superficially looks like reducing living standards.

Public sector

Although it is far from clear what will develop from the talks, the broad idea is that the Government and the TUC, with the CBI involved in concurrent but separate talks, will agree on a price target for the end of this year or early next year—say 15 or 20 per cent. This would then be adopted by the TUC—which would launch its own figure if it could not agree with Ministers—as its wage target for next winter's wage round. It would possibly be turned into a flat rate by relating the percentage to average earnings of £55 to £60 a week, so producing a flat rate figure between £8 and £12 a week, which is certainly higher than the CBI and probably the Government would like.

The Government would be expected to make sure that this figure was not exceeded in the public sector, with the TUC putting what pressure it could on individual unions, and taking advantage of the fact that a single cash figure would be much easier to sell and police than a more complex percentage formula. The hope would be that dissenting unions would go to arbitration and accept its findings. However, considerable opposition to the flat rate idea is expected at next Wednesday's TUC general council meeting from unions representing higher paid workers who would object to their traditional percentage-based differentials being eroded.

Mr. Sidney Weighell, NUR general secretary, at Downing Street: the threatened railway strike is one crucial issue in *the social contract discussions.*

It is fear of precisely this type of reaction which has turned the CBI and some ministers against the flat rate proposal. In the past there has always been a backlash from the higher paid after a period of flat rate rises. But senior TUC leaders like Mr. Murray, Mr. Jones and Mr. Basnett are determined to push the flat rate idea not only because it is simple to understand but because it helps the low paid and demonstrably acts against the high wage earners.

Here they are drawing a lesson from last year's wage guidelines, which were too complex and had too many loopholes. The result was that major wage deals were topping 30 per cent. when they should have been in line with retail price index movements, a few months ago, of around 20 per cent. The existance of threshold payments, which had to be taken into account when working out what workers were due for, also complicated attempts to operate the guidelines.

Both Mr. Jones and Mr. Basnett are extremely conscious of this because it is members of their unions, and not the miners, electricity workers or railwaymen, who have been primarily responsible for making the wage guidelines so inflationary—a point Mr. Scanlon made on Monday when he attacked moderate "voices" whose members had broken the guidelines over the past year. The initial problem with the guidelines was not only that the aim of maintaining living standards guaranteed rises of 20 per cent. or more from the beginning of last winter's wage round but that the addition of the TUC's £30 minimum wage target boosted the total, as did moves towards equal pay for women and other extras.

At the start, groups such as the local government and hospital workers reached 30 per cent., including threshold payments they had already received, in line with the guidelines. But then others, such as the gas and water workers, exploited the guidelines to reach similar totals outside the spirit of the social contract, paving the way for the miners and electricity workers to achieve similarly high rises without even a sideways glance at the guidelines.

Positive demand

While all this was happening in the public sector—with Mr. Jones's and Mr. Basnett's unions playing a leading role—Mr. Jones's private sector members, especially in Scotland, were using brute strength in the road haulage industry and parts of the chemical and oil industries to win high rises despite the guidelines.

Now these same two unions are at the centre of the growing ICI pay row, which is one of the latest national pay problems alongside the seamen's dispute, which goes to arbitration to-day, and the local council staffs, who are struggling towards a settlement.

How these problems are resolved will clearly have an impact on next winter's wage round as well as on the decisions taken by the unions' annual conferences for the rest of this summer. So far there has been little pressure from public sector groups such as miners, hospital workers and others for mid-term pay deals or for threshold style rises to compensate for price increases since their annual deals last winter. But this may change now that the postmen, who are the only major national public sector group to have threshold arrangements, will receive £2 extra in next week's pay packets as a result of last Friday's retail price index figures.

Public sector employers in other industries have been resisting demands for extra payments such as these on the grounds that last winter's total rises of around 30 per cent. or more have yet to be eroded. Their hope is that they will continue to be able successfully to argue this. But any groundswell from the miners and others for extra rises immediately would end the tradition that rises are paid only once a year and effectively kill off any idea of a new TUC flat rate initiative.

So far, however, there is little indication as to the sort of rises unions will be demanding next winter, although the miners' annual conference next month will be debating a call for the present main rate of £61 to be raised to £100. Up till now the only positive demand which could "undermine" whatever policy emerges is from the Public Employees, who tend to set the tone for the start of the wage round with negotiations for local council and hospital manual workers.

Their annual conference has called for a £40 basic rate for a 35-hour week with a fourth week's holiday plus thresholds to compensate for future inflation. Taking the £40 demand alone—a claim which Mr. Basnett's union rejected on his advice by a narrow majority—would mean a 33⅓ per cent. increase on basic rates and would clearly break any percentage-based TUC policy from the onset of the wage round. However, converted into cash rates, the conference demand becomes a claim for a flat £10 payment for all the council and hospital workers, and this is in line with the figure at present most likely to emerge if the TUC adopts a flat rate policy.

This underlines another advantage of a cash flat rate system, because the TUC will have to consider by its September Congress by how much to raise its present £30 weekly minimum pay target—the figure which helped to boost social contract settlements last winter. To keep pace with inflation this would have to be raised by some 25 per cent. or more to £37.50, which would set off another inflationary spiral. A flat rate of £10 would dispose of this problem.

It is this sort of debate which will take up a lot of time at the various meetings now starting and the object of most union leaders will be to play down as much as possible the impact of the Engineers' and Mr. Scanlon's decisions while making use of what they believe is a real willingness on the part of their members to be led into a tougher wages policy.

Price rise targets

So far, the TUC has carefully avoided stating its proposed new guidelines in wages terms and has talked only about price rise targets of between 12 and 20 per cent.—with a 13 to [illegible] per cent. range the most likely—well above the 10 to 12½ per cent. by the end of the year talked of by the CBI. But wage figures will start to emerge after next week's TUC general council meeting. So will a decision on whether the TUC wants to go for flat rate or percentage increases or a mixture of the two on a [illegible] formula. What will also be seen is whether most union leaders follow the lead of men like Mr. Jones, or whether they would rather fall back like the Engineers and leave the problem to the Government while continuing to press for measures to curb unemployment, cut price rises and boost manufacturing investment.

MEN AND MATTERS

NUR's shrewd investors

Should it come to a strike, the Railwaymen are, financially, among the best-prepared unions to sit it out. That is partly a matter of having had, between 1926 and now, just one day's national strike, a protest against Beeching in 1962. It is also because the NUR takes more trouble with its finances than many other unions.

In 1971, partly to dispense with a cumbersome finance committee system, and partly to prepare for the potential hazards of the Industrial Relations Act, it set up Unity House (Holdings)—Unity House being the union HQ near Euston Station. This is a trustee company which handles all the NUR reserves, including its provident funds, with a value at the end of 1971 of £10,729,928. The following year the figure was over £11m., despite nearly £800,000 paid out on the dissolution of a sickness funds, but since then the company has suffered with the market decline. The end-1973 total was £9.7m. and the end-1974 one just under £7.3m.

The directors of the company are three union members elected at the annual conference, plus the senior assistant general secretary (Sidney Weighell was thus a founding director). The present elected trio are Philip Norton, a guard from Cleethorpes, William Cheetham, a driver from Darlington and Frederick O'Garr, a railway shopfitter from Eastleigh, Hants. They meet in London every Friday morning to decide investment policy.

The annual reports of Unity House (Holdings) make familiar reading. "If 1973 was a difficult year for investors, 1974 was an impossible one," starts the latest one, going on, after detailing moves into short-term money markets, to say, "We have remained sufficiently liquid to take advantage of the situation once we are convinced that the bull market is a continuing one." By February this year the Railwaymen had made a cautious start by putting £250,000 back into the equity ma ket.

Like other fund mangers, too, the directors are keen to say that even if values have declined, they have at least done better than the FT Indices, and also the Trades Union Unit Trust in which Unity House has a holding.

With the Unity House (Holdings) investments rising with the equity and gilt markets this year, their total value, plus some other union holdings, is now put at around £11m. That, for a union of 164,000 members, is remarkable, giving assets per member of £67 against comparable figures of around £10 in the Transport Workers' or £3 in Local Government Officers' unions. If one took it simply on the yardstick of strike pay, at £3 a week, and assume that the NUR could borrow up to its asset value, then it would not be just fo rthe summer that Britain was trainless.

"By next year *everybody* will be able to afford one."

Henry's analysis

"I refuse to believe," says William Henry, "the long-term interests of the company and its shareholders are divisible, though in the short term some people have problems." Those problems doubtless extend to small investors and institutions alike, but it has been the latter category which has made the fuss about Coats Patons' decision to pass the 1974 final dividend.

Henry is taking over as Coats' chairman in September on the retirement of Charles Bell. Is Henry surprised at the force of the adverse reaction to Coats' bonus share issue instead of a cash payment? "Possibly in degree," concedes Henry.

He reports that the group analysed the share register before deciding against a cash dividend and concluded that gross funds, those most upset, accounted for only ten per cent. of holdings. Coats has now taken the unusual step of detailing its 1975 (cash) dividend policy, but Bell declares: "I wouldn't read into this any repentance."

Repentance of a more immediate nature may yet be demanded by institutions trekking to Glasgow for the July 11 annual meeting.

Treasury's recruit

With Dr. John Gilbert's transfer to Transport, Robert Sheldon moves up a notch at the Treasury and the old team of Sheldon and Joel Barnett will be seen in close parliamentary harmony again. In Opposition the pair had acted with such team spirit as to become indistinguishable to some, one newspaper once reporting a powerful speech by a "Mr. Barnett Sheldon."

The singular Mr. Sheldon's final act as Minister of State was to cause, as Malcolm Rifkind, MP for Pentlands, Edinburgh, put it, all sporan wearers to "sigh with relief," since he finally agreed that fur does not constitute luxury in sporrans and thus exempted them from 25 per cent. VAT rate. Now he moves on to higher things, coming closer to the sharp end of public expenditure decisions, being the first product of the Public Expenditure Committee to rise this far. So we will see how his training in baiting officials in committee goes when it comes to cutting the public sector deficit by Treasury decision.

But the real news may lie with the man moving into Sheldon's old post, Denzil Davies. Apart from leaving the Welsh backbenches even emptier, he is the first MP to jump to Minister of State rank, by-passing the parliamentary under-secretary stage, since March 1974.

Meanwhile Davies, 35, brings a rather Wilsonian background to the Treasury, being a blacksmith's son who took a First in Law at Oxford. He taught in the U.S. (he has an American wife) and Leeds before becoming a tax barrister and, since elected in 1970 has made his name in Budget debates, Finance Bill committees and the like. His is a promotion on merit. Thought of as being in the centre of the party, Davies was anti-Common Market, is a supporter of import controls and perhaps showed courage, as Llanelli's MP, by firmly opposing the Lions tour of South Africa last year.

Ouch

Seen on the back of a Securicor van:

Alsatian Guard Dogs
No Hand Signals

Observer

ANTHONY ROBINSON reports from Rome on the Italian election results

Left turn toward a ballot box revolution

AFTER AN era of electoral immobility Italy has taken an unmistakable left turn whose extent has surprised almost everybody. It has placed the country squarely in that groundswell of political change which has swept through the Mediterranean area in the last 18 months. The shift of votes in the regional and local elections has been so massive by Italian standards as to constitute a revolution through the ballot box of enormous political significance.

It has given the Italian Communist Party (the DCI) over 2.5m. more votes than it gained in the last regional elections and diminished the gap between it and the ruling Christian Democrat Party from 10 per cent. to under 2 per cent. It has also made the Communist Party the largest single party in nearly all the major Italian cities, including the capital, Rome. It has raised the combined electoral weight of the left wing parties, including the Socialist Party (PSI) which rose from 10.4 to 12 per cent. and the small extreme left wing groups, to around 47 per cent. from 41 per cent. in the last regional elections in 1970. If this pattern were repeated at a future general election, Italy would be presented for the first time since the war with a potential alternative to the Christian Democrat *dominated coalitions* which have ruled since 1947.

Prospects

But why has this situation suddenly emerged? What sort of creature is the Italian Communist Party and what are the immediate and long term prospects which have now opened up?

In the first place, these elections have seen more than 2.3m. over 18s eligible to vote for the first time, while 4m. new voters have come onto the electoral rolls since the last regional elections five years ago. A new generation of largely urbanised and better educated young people has erupted onto the political scene en bloc. They have no memories of fascism or the cold war—two factors which have strongly influenced post-war electoral behaviour up to now.

Secondly, this new generation of voters has coincided with a *growing groundswell of public* discontent with the failure of successive Christian Democrat dominated Centre-Left coalition governments to implement a whole series of basic reforms in the housing, public health, transport, educational, economic, and other fields. These governments have proved increasingly incapable of maintaining even elementary services such as public order or even an efficient postal service. The resulting lack of basic infrastructure has not only increased popular discontent, but it also held responsible for many of Italy's economic problems such as *inflation and high unemployment*. These have played their part in the elections too.

In addition, the CD controlled radio and television has been increasingly outflanked by the emergence of a new kind of investigative journalism which has played a major role in un*covering an almost limitless* series of scandals and corruption cases involving the waste and illegal expropriation of public money by public officials aided and abetted by the ruling political class. Significantly, one of the PCI's most telling electoral slogan has been "We have clean hands": just that, with no other word added.

This shows something about the nature of the PCI. The political changes which have taken place in Portugal, in particular, over the last 18 months, and which are probably brewing in *Spain as well, have* demonstrated that Southern Europe, thanks to its long Catholic tradition and other cultural, social and historical characteristics, tends to express essentially social democratic ideas not through formally Social-Democratic parties, as in Northern Europe, but through the more Marxist-oriented Socialist and Communist parties. This does not make them Soviet-type parties, except perhaps in the particular case of the Portuguese Communist Party led by the Moscow trained Alvaro *Cunhal, but Mediterranean-type* Communist or Socialist Parties. The Italian Communist Party is probably the supreme example of this kind of Communism *sui generis*.

For a start, its principal ideologue is the Sardinian intellectual Antonio Gramsci, who wrote the *greater part* of his theoretical works during the 15 years of internment by the Mussolini regime which eventually cost him his life. Gramsci devoted his life in prison to examining the revolutionary writing of Marx, Lenin and the *other Communist theoreticians* in the light of Italy's own historical, cultural and social conditions. In many ways the result of his writing was to anticipate by 30 years the famous slogan of the May 1968 student uprising in France: "*L'imagination au pouvoir.*"

He laid down the general line which has been followed by the PCI ever since, first by Palmiro Togliatti, who returned from exile in Moscow shortly after the Allied landings in 1943, and then by his successors, Luigi Longo, and the present Party Secretary, Enrico Berlinguer. It is a line which excludes the violent revolutionary path to Communism, a very real possibility in 1945 with thousands of armed and Communist led partisans in the field, and insists instead on the "long march" to power through and with respect for democratic institutions.

It is a policy which demanded the patient creation of a disciplined, organised and highly prepared Party, embracing not only the original intellectual core and working class base but a growing number of middle-class professional, technical and managerial people too. Its experience of regional government in the three "red regions" of Emilia Romagna, Tuscany and Umbria, that is to say areas in which there exists a vast network of small and medium private and artisan enterprise, has also led the party to rethink the classic Marxist attitudes towards private enterprise.

The Party's economic policy specifically acknowledges the creative value of private enterprise, rejects the idea of further nationalisation and insists instead that overall economic and credit policy guidelines be worked out in the context of an effective national planning body in which representatives of industry, finance, commerce and the trade unions are repre*sented alongside those in politi*cal power.

The fact that some 10.15m. Italians voted Communist demonstrates quite convincingly that the Communist Party has become the sort of inter-class party that such a strategy implies. The Communist Party believes that it *has* at these elections picked up not only the bulk of the young vote but also a significant part of the protest vote, which went massively to the neo-Fascist Movimento Sociale in the general elections of 1972, and a considerable slice of the vote of middle class people who formerly supported the Christian Democrats and, *indeed, formed the vital core of* that Party.

This factor underlines the grave weakness of the Christian Democrats. It is not fully revealed by the election result, which shows only a 2.6 per cent. fall in their share of the vote *from* 37.9 per cent. to 35.3 per cent. *For the CD Party has* suffered a massive haemorrhage on the left which it has been able to stem only partially by picking up votes from its right wing electoral allies, the Social Democrats and the Liberals. *In* effect Sig. Fanfani, the CD Party secretary, has fundamentally *changed the Party as conceived* by its great post war leader Sig. Alcide de Gasperi. He saw it as "a party of the centre which is moving to the left" and thought that it should surround *itself* with a number of acolytes in the shape of the various Liberal, Social Democrat and Republican parties (and with the later addition of the Socialist Party) with which to form solid but CD-dominated coalitions.

At these elections, however, even the Italian bishops refused formally to endorse the CD Party which, again under Sig. Fanfani, had engaged last May in that ruinous campaign to *abolish divorce, a campaign* which dramatically revealed the way in which the Party had lost touch with the country. The sum of these two massive defeats could well be the end of Sig. Fanfani's political career, and there is likely to be bitter feuding and recriminations within his highly factious party.

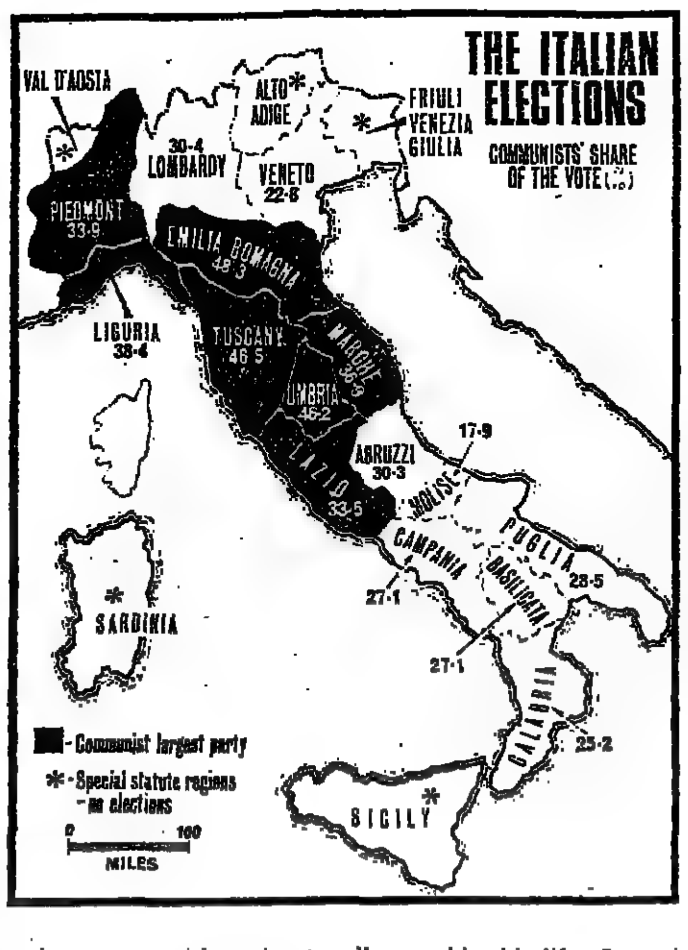
What are the political prospects now, given a weakened Christian Democraft Party and the massive left wing advance? In the first place, these latest elections were regional and local. It was not a general election. The direct result will be to add Liguria to the number of regions where a Communist-*Socialist alliance* is possible and lead to the election of several thousand more Communist and Socialist councillors and mayors in major cities throughout the country. Secondly, there will be an enormous effect on the overall political situation. It is too early to say just what changes *will come, bearing in mind* that this is a totally unprecedented situation for Italy. The results will take time to digest, and in the meantime it seems unlikely that there will be any hurry to cause the fall of the present CD-Republican coalition before the autumn, if Sig. Moro can be persuaded to soldier on.

Polemics

Numerically the four-party centre left coalition formula is still possible, but politically the bitter polemics between the CD Party and the Socialists in this election will inevitably make such a government extremely difficult to form and function. In any case the Communist Party would demand, and get, a much greater say in its programmes and policies.

In the longer run the parties will have to re-evaluate the *prospects for a "historic compromise,"* which would insert the Communists into power formally at a national level, or the possibility of some form of popular front. But it is most unlikely that either of these radical changes in the Italian political scene could take place without recourse to a general election possibly well before the present Parliamentary term expires in mid-1977.

Sig. Amintore Fanfani, the Christian Democrat leader: he has seen two massive defeats which could well mean the end of his political career.



Letters to the Editor

Providing finance

From The Chairman British Insurance Association

Sir,—I read with some surprise your report (June 10) of the attack made by Sir Charles *Hardie on the City over its* failure to provide what he describes as "loan finance and other means of arranging long-term permanent finance for medium sized companies."

The appearance of Sir Charles Hardie's comments in full in Accountancy were delayed by an *industrial* dispute. This reference to industrial disputes makes me wonder if Sir Charles Hardie makes any allowance for the effect disputes have in creating a climate of uncertainty—one in which companies doubt if they can secure a return on projects and where also investors are discouraged.

Taking a long view the City and its financial institutions have stood the test of time: its mechanisms are sound but have not previously had to cope with a situation where long-term finance has to be provided with an inflation rate of 25 per cent. or more per annum. Notice has *also* to be taken of the amount of money raised relatively recently by the Government in the gilt market.

A recent "Investors Chronicle" survey highlighted this aspect *of* Government financing. It also referred to the role of financial institutions and I believe that before voicing his criticisms Sir Charles should have given some thought to the National Enterprise Board, planning agreements and a penal taxation policy all of which inhibit industrialists from contemplating longer term projects. The argument should not be conducted on a personal basis —but I find it difficult to balance Sir Charles's criticisms of non-*executive directors of financial* organisations with his own willingness to serve as a director of banks, an investment trust, a merchant bank and a property company.

Let us assume that Sir Charles was trying to create a debate which would find some solutions for our present problems. The need is for Government to encourage *a climate that generates* the creation of wealth and it is the production of profits which enables industry to *grow*. Profits provide not only dividends and a fair reward for risk capital but finance, through retentions, the investment in equipment so essential for continued growth and health and the financing of *stock replacements which in an* inflationary period are a costly burden.

Any future attempts by Government to control prices and incomes must include an appreciation of the need for and purposes of "profit."

A. Macdonald,
British Insurance Association,
P.O. Box No. 538,
Aldermary House, Queen Street, EC4.

New cost of living index

From Mr. G. Thompson.

Sir,—It has generally been appreciated that the earnings figure that should be indexed to compensate for the increase in the cost of living is pre-income-tax earnings. The social contract certainly recognises this and I believe that the position is readily if reluctantly accepted by the *majority of* working people. This allows the Chancellor some control over actual *earnings by controlling income-*tax. Unfortunately, the same is not true of the other major regulatory taxes and in particular it is not true either of VAT or the various excise duties such as fuel tax and duties on alcohol and tobacco. Under an indexed wage system, any increase in these taxes such as those introduced *in April produce a correspond*ing increase in earnings the following month.

A significant proportion of the labour force now has some form of threshold or index-linked wage payment and, perhaps more important, almost the entire working population of the country expects its wage increase to be based on, at the very minimum, the increase in the cost-of-living index, an index which includes these regulatory taxes.

If we ignore the time lag between the increase in the tax and the compensatory increase in earnings, then we see that these taxes are in fact no longer effective as economic regulators. The Government is trying to discourage threshold and wage indexing systems, but I fear it is too late. The desire for compensation for increases in the cost of living is now too well formulated. I believe also that the Government is wrong to do this as the uncertainties caused by avoiding such systems in periods of high inflation cause much greater problems than is *sometimes thought. It seems a* pity to lose the benefits of a system which is now becoming popular when *a small change in* the calculation of the cost-of-living index would overcome this *fundamental* difficulty.

I suggest that the Department of Employment should publish a new cost-of-living index calculated specifically before taking into account the effects of all the major regulatory taxes such as VAT and the excise duties mentioned above. Such an index would form an entirely suitable base for a continuous reappraisal of earnings levels giving the wageearner *protection* against inflation but leaving the Government with the power to withdraw money from the economy (and, of course, from the wage-earner's pocket) should it feel it necessary to do so. Were such an index introduced and Government backing given to the use of this index as a basis for wage and salary adjustments, then I believe that we would not only avoid some of the very large wage claims which are being put *forward* currently based on expectations, or rather fears, of high inflation during the coming 12 months, but would also allow the Government much greater control over the economy than in practice it has at present.

Graham Thompson.
158 Pennsylvania Road, Exeter, Devon.

Incentive to save energy

From the Chairman, Marks and Spencer

Sir,—John Trafford's article "Lethargy in energy saving" in Monday's edition was most timely.

We have co-operated in publicising the efforts of Marks and Spencer to encourage a national sense of urgency and to provide information helpful to others. We saved well over £500,000 in energy costs in 1974/75 reducing consumption by some 15 per cent. A continued drive, and the use of more efficient equipment, will raise the saving to over £800,000 this year on the costs we would otherwise have incurred.

This makes good commercial sense as well as a contribution to the national effort to conserve *energy* to which I referred in my letter to The Times on January 10, 1975. We anticipate *further* energy savings as a result of improvements in refrigeration, experiments in heat recovery and improved insulation both in new and existing buildings.

As well as involving architects, consultants and contractors, we are co-operating with leading companies such as Pil*kington, Philips and Thorn* to ensure that we incorporate both proven and experimental energy savings in our new buildings. We continue to involve all members of our staff in suggestions for energy conservation and this has produced many useful ideas.

Architects, builders and engineers should include in their buildings all those steps that will reduce the country's energy bill. This will require more capital investment. The question is aptly put in the article—what financial incentives is the Government prepared to give to encourage companies to invest in this very important area?

Energy will not be conserved if people are not encouraged to take the matter seriously: they need constantly reminding. Little will be achieved without the drive and determination of Government and top management alike.

Sir Marcus Sieff.
Michael House, Baker Street, W1.

Not perfectly efficient

From Mr. Joel Stern.

Sir,—The basis for Mr. P. A. Kerbel's disagreement (May 27) with my May 16 column ("Why Convertibles are Expensive") that the Johannesburg stock market does not closely resemble the market efficiency that has been found on the New York, London and other markets, is not well-founded. He may be correct that his country's investors behave differently, pricing shares on the basis of factors other than *free cash flow* and risk-reward discount rates—costs of capital. But to present a possible example of inefficient pricing and then to generalise from this anecdote that inefficiency is the predominent feature of the Johannesburg stock market is nontrivial fantasy.

All efficient stock markets are not perfectly efficient. No doubt there have been many examples on all efficient markets over the years that have violated, or *appeared* to violate, the principle that market prices reflect underlying economic values. Clearly the important questions however, are to what extent, and how frequent, actual inefficiencies occur, and do profits generated from these inefficiencies exceed trading and other analytical costs? To avoid erroneous conclusions, financial economists trained in econometric testing procedures have studied the behaviour of large *unbiased* samples of share price changes over long periods of time and drawn *conclusions* in almost every case that are precisely the opposite of Mr. Kerbel's.

Attributing these studies and the efficient markets framework to the University of Chicago's Economics and Business School faculty may be conveniently pedagogical, but it is also erroneous. Path-braking develop*ments have originated* as well from the Universities of Rochester (George Benston, John Long, Ross Watts), Stanford (William Sharpe, Robert Litzenberger, William Beaver), California at Los Angeles (David Mayers), Harvard (John Lintner), MIT (Robert Merton) and London Business School (Richard Brealey), to name just a few.

To detect the extent of "free lunches" in Johannesburg, I sug*gest that Mr. Kerbel investigate* the performance of professional money managers in South Africa—unit trust and pension funds, in particular. He will discover that claims of free lunches command higher prices and more Press coverage than the lunches themselves.

Joel M. Stern, Vice President,
The Chase Manhattan Bank,
1, Chase Manhattan Plaza,
New York, N.Y. 10015.

How high is a ceiling?

From the Managing Director, Investment and Financial Analysts.

Sir, — Your Labour Editor. (June 10) quoted the remarks made by Mr. Alan Fisher of the National Union of Public Employees, as well as those of Mr. Len Murray. It appears that these two gentlemen still live in cloud cuckoo land.

Do they really think that a ceiling for salaries of £20,000 a year, that is £10,000 after tax, is going to do anything to right the current malaise in this country? Now that we are finally in the EEC it is that much easier to move to any other country within the Community if one does not receive the type of reward which goes with long hours, high risk and high responsibility of the majority of well-paid directors in this country.

Was it only a coincidence that, in your section "Executives' World," the same day, you highlighted the over-manning and under-production of Britain's State industries?

Is it too much to hope that people such as Mr. Fisher and Mr. Murray, and other leaders in the trade union movement or on the left of the Labour Party, will apply their energies to resolving the appalling inefficiency in Britain's nationalised industries before going out to loot from other companies in the private sector, thus exacerbating the problems which your article highlights only too clearly.

P. H. Heath-Saunders.
Investment and Financial Analysts.
36, Brackley, Queens Road, Weybridge Surrey.

No blank covers

From Mr. P. Fox.

Sir,—I would have thought that specialist stamp issues would be splendid source of revenue to the Post Office as so many are bought by collectors without the P.O. having to *incur* any delivery expenses

Unfortunately, at least in south-east England, the P.O. is obviously concerned neither with marketing nor with stamp collectors. Not only were blank first day covers sold out in Folkestone a week before the issue on June 11 of four new "*sailing" stamps, but by* 9.15 a.m. on the day of issue so were two values of the new stamps. By the time I reached Canterbury one value had already been sold out there too. It seems incredible to me that stamps are not available in sufficient quantity on the first day of issue. This points to an unbelievable lack *of planning, and, to me,* signifies an appalling attitude of mind in that the Post Office is not concerned with raising revenue by legitimate means, that is sales to collectors, as it can raise postage charges, in general, as and when it pleases.

P. J. Fox.
The Battery,
The Bayle,
Folkestone, Kent.

To-day's Events

GENERAL

Confederation of British Industry and Trades Union Congress leaders hold talks on ways of curbing inflation, London.

CBI monthly council meeting, Tothill Street, London.

Basic rates of wages at end of May and monthly index of average earnings for April published.

Mr. Anthony Wedgwood Benn, Energy Secretary, will be present at arrival of first North Sea oil, Isle of Grain, Kent, 11.30 a.m.

Mr. Len Murray, TUC General Secretary and Sir Ronald McIntosh, director general of National Economic Development Office, are among speakers at British Institute of Management conference on Britain's future—*the next five years*, Hilton Hotel, London.

Mr. Anthony Crosland, Environment Secretary, addresses Housing Centre Trust national conference, Portland Place, London, 2.30 p.m.

Mr. Fred Peart, Minister of Agriculture, attends Dairy Trade Federation lunch, Dorchester Hotel, London, 1 p.m.

Mr. Knut Frydenlund, Norwegian Foreign Minister, visits London.

PARLIAMENTARY BUSINESS

House of Commons: Sex Discrimination Bill, remaining stages.

House of Lords: Debates on Commonwealth Association and Open University.

SPORT

Cricket: Prudential World Cup semi-finals: England v. Australia (Headingley) and West Indies v. New Zealand (The Oval).

Racing: Royal Ascot meeting continues.

COMPANY RESULTS

Cavenham (full year).
Lloyd (F. H.) Holdings (full year).
Tesco Stores (Holdings) (full year).
Whitbread (full year).
Avon Rubber (half year).
Compair (half year).
Guinness (Arthur) Son and Co. (half year).

COMPANY MEETINGS

Albany Investment Trust, Liverpool, 2.30.
Boosey and Hawkes, Cafe Royal, W. 12.
British Borneo Petroleum Syndicate, Winchester House, EC, 12.
City of Oxford Investment Trust, 41, Bishopsgate, EC, 11.30.
Duport, Birmingham, 12.30.
Gill and Duffus, Bakers Hall, EC, 12.
Shiloh Spinners, Royton, 11.30.
Trust Union, Winchester House, EC, 2.30.
Viking Resources Trust, 88, Leadenhall Street, EC, 4.30.
Wood (Arthur) and Son, Stoke-on-Trent, 12

COMPANY NEWS + COMMENT

Second-half upsurge at D. Doncaster

PRE-TAX profits for the year to March 31, 1975, of forgers and drop forgers, Daniel Doncaster & Sons have expanded from £1.62m. to £2.74m., despite a decline from £1.2m. to £1.13m. in the first 28 weeks.

The final dividend is 1.3843p lifting the total from 2.3469p to the maximum permitted 2.5533p net.

The directors report that the first two months of the current year were "very good and were encouraging for the future."

	1974-75 £000	1973-74 £000
Turnover	33,350	20,616
Share associates	16	15
Interest	420	142
Release of provisions*	—	817
Profit before tax	2,757	1,615
Taxation	[illegible]	823
Leaving	1,382	792

* Relating to Rolls-Royce.

● **comment**

Excluding the release of provisions for Rolls-Royce leaves Doncaster sharing substantial recovery in 1974-75. Once over the problems left by the miners' strike and with materials coming through in the right quantity Doncaster was able to satisfy strong demand from the heavy end of the motor industry and for aero engines and gas turbines. This led to some late improvement in cash flow with year end borrowings at about £1.7m. against over £2.4m. at the half way stage. Demand is now off the peak level, but given the lack of industrial problems from both customers and suppliers Doncaster should start the year on a strong enough note. That should support the recent forward movement in the share prices now at 47p for a yield of 5½ per cent.

HIGHLIGHTS

Coats Patons has now sent out its full report and accounts with a statement on dividend policy and an indication of the likely 1975 payment. From **Land Securities** comes the awaited property revaluation and consequent asset-per-share indication, put at 234p. Heading the rights issue queue is **Redland** with a call for £7.5m., along with the year's results. These are discussed in the Lex column where there is also an assessment of the **Westland** interim statement. Others making rights issues are **GEI International** with profits showing an increase of more than one-third and **British Steam Specialities** reporting profits up by a fifth. Recovery continues at **Daniel Doncaster** and current year's prospects are said to be encouraging; **Triplex Foundries** shows accelerated growth but **Hargreaves'** progress has been checked by heavier interest charges. Half-time figures from **Record Ridgway** reflect recovery while **Weyburn** is making further headway.

Recovery at Record Ridgway

REFLECTING THE continuing pattern of recovery from last year's national disruptions, and "chronic" material shortages, profits of Record Ridgway, the hand tool group, showed an increase from £165,000 to £610,000 in the six months ended March 30, 1975.

Chairman Mr. A. B. Hampton feels it would be imprudent to make firm forecasts in the current unsettled climate, but results for the current period will be comparable with those achieved last year.

Inflationary pressures of escalating material prices are likely to reduce margins, and until effective governmental action is taken to contain inflation, the competitiveness in export markets will be further eroded, he declares.

In the half year the overseas companies, while all profitable, have been affected by the international recession and both volume and margins have been reduced.

The group still has a substantial backlog of orders which it is now better able to satisfy as a result of improved material availability. The intake of new orders is somewhat uneven and at a lower level reflecting current international trading conditions, says Mr. Hampton.

Earnings per 25p share are stated at 3.43p (0.78p). The interim dividend is raised from 0.875p to 1.1p net. For 1973-74 a total of 2.45p was paid from profits of £1m.

	First half 1974-75 £000	1973-74 £000
Sales	3,400	3,977
U.K. home	2,979	1,5[illegible]
U.K. export	1,637	1,14[illegible]
Overseas	784	1,103
Trading profit	686	280
U.K.	540	17
Overseas	148	180
Interest charges	76	41
Profit before tax	610	165
Taxation	315	83
Net profit	295	82
Minorities	8	17
Attributable	287	65

Net assets per share at March 30 were 60.27p (49.25p).

● **comment**

Record Ridgway's first half improvement continues the recovery trend which began in the second six months of 1973-74. An easing of last year's supply difficulties, plus a hard push into the export markets and a general increase in selling prices enabled the group to lift first half profits by £445,000 pre-tax. Overseas profits, which have been badly affected by the Australian recession have fallen by 25 per cent. and the group is expecting a further decline in the second six months. At home, the backlog of orders which resulted from last year's production delays should allow the group to work at full capacity throughout the next 12 months but some reduction in the second half pre-tax level still seems inevitable. Export sales are now meeting with price resistance while the group is experiencing a reduction in the rate of new orders in the U.K. Profits for the year could still rise from £1m. to about £1.2m. But a prospective yield of 11 per cent. at 34½p is rightly cautious about the medium term prospects.

Fine Art forecasts growth

PROVIDING expenditure levels can be held to those forecast, Mr. F. R. Kerry, chairman of Fine Art Developments, looks forward to a further increase in net earnings during the current year. He is optimistic that the current sales budget can be achieved.

The company controls a "substantial" share of the U.K. greeting card market, and it would be unrealistic to expect the rate of growth achieved in earlier years to be maintained.

Diversification into the general merchandise market has perpetuated the continual growth that has mrserdkgoi8Mixcea — that has marked group performance to date. The directors continue to explore new product areas and other avenues with growth potential.

Referring to inflation, the chairman says the directors have been reasonably successful in forecasting selling prices bearing in mind that catalogues have a six month trading life.

As reported on June 5 with details of property revaluation group pre-tax profit for the year to March 31, 1975 was £2.26m. (£2.14m.) and the dividend is 1.0104p (0.9236) net per share.

Net group assets are rated at £7.2m., or 19.55p per share.

There was a net increase in short term borrowings of £1.58m. (£1.14m.). Capital expenditure commitments were down from £390,983 to £86,839.

Meeting Burton upon Trent July 10 at 4 p.m.

Weyburn first half upsurge

ON SALES more than doubled at £2.63m., first half pre-tax profit of The Weyburn Engineering Co. improved from £137,032 to £503,593 in the half year to April 30, 1974—well in excess of the record £415,000 for all the year to October 31, 1974.

And the chairman, Mr. P. R. Royston, says he believes "the significant progress of the past 18 months will continue."

Earnings per 25p share for the half year are shown to have risen from 5.73p to 20.75p and the interim dividend is stepped up from 2.5p to 2.7286p a share net. Last year's total was 5.653p.

Mr. Royston says first half exports rose by 82 per cent. to £609,000. In spite of current difficult world trading conditions the directors are confident there are "exciting" international opportunities ahead for Weyburn.

Constant attention to cash flow management has been maintained, and notwithstanding the substantial capital expenditure incurred during the past six months, deposits with bankers have increased from £141,614 at the year end to £423,943.

The first-half acquisition of Horstman Camshafts is expected to contribute in excess of £100,000 towards Weyburn's pre-tax profit this year. Following a rationalisation programme further significant profit-growth is expected.

The company has acquired from British Leyland in Australia a complete camshaft production line which will shortly be installed in Weyburn's Hampshire factory.

	Half year 1975 £000	1974 £000	Year 1973-74 £000
Sales	2,634	1,201	2,917
Profit before tax	503	137	425
Taxation*	254	67	208
Net profit	250	70	217

* After crediting investment grants. Cost of the interim dividend is £32,742.

● **comment**

Weyburn continues to shoot ahead with interim profits almost £100,000 above the previous 12 months, and taking in Horstman for the rest of the year a £1m. pre-tax profit figure looks like a fair outside target for 1974-75. With the acquisition of Horstman from Lucas, Weyburn virtually has the total U.K. market for diesel camshafts under its wing, while in the rest of Europe Weyburn holds 70 per cent. of the market. Against this background, expansion scope within Europe appears limited (perhaps with the exception of Germany) but prospects in the U.S. look enticing. Whether such a North American move would be by way of acquisition or a direct sales set-up remains to be seen, but the group has the financial strength to contemplate both alternatives. Apart from new markets there is also the possibility of moving into a new product area connected with diesel engines, but this looks the less likely of the possibilities at present. A thin market in the shares is perhaps a drawback, but at 20[illegible], up 9p yesterday, the historic p/e is halved to 5 on a £1m. profit projection.

Triplex Foundries expansion

TAXABLE PROFITS of Triplex Foundries expanded from £914,793 to £1,346,400 in the year ended March 31, 1975, following a first half increase from £402,902 to £583,278.

The profit was achieved from sales some £5.1m. ahead at £19.97m. The directors say that while the increase in turnover and profit are partly due to inflation, a large contribution arises from the programme of capital expenditure carried out over the last few years.

The dividend is raised by the maximum permitted — from 2.3325p to 2.745p net, with a final of 1.545p.

	1974-75 £	1973-74 £
Sales	19,972,[illegible]	14,858,[illegible]
Foundries, etc.	12,824,000	9,479,000
Engineering	4,535,000	[illegible]
Other activities	[illegible]	1,977,000
Less inter-group	114,[illegible]	104,000
Profit	1,346,400	914,793
Foundries, etc.	851,961	569,422
Engineering	329,392	296,690
Other activities	135,047	127,662
Taxation	670,[illegible]	407,743
Net profit	686,469	507,050
Preference divs.	6,891	6,891
Ordinary	174,271	160,085
Retained	514,307	339,354
Forward	2,330,155	1,842,440

● **comment**

Profits growth at Triplex Foundries has accelerated between the two half years of 1974-75, from 45 per cent. in the first six months to 49 per cent. in the second, and margins over the 12 months have improved from 6.15 to 6.73 per cent. Increased profitability stems from the benefits of £2½m. capital expenditure over the past four years, and the rate of spending has apparently been continued in the current financial year. Trading experience is evidently not too exciting and sales are reckoned to be running at roughly the same rate as a year ago. Meanwhile, the balance sheet position has improved somewhat against the end-1973-74 picture. However, a yield of 11.3 per cent. at 39p prefers the cautious view.

Sketchley on target at £1.62m.

IN LINE with the March, 1973, forecast of not less than £1.6m., taxable profits of Sketchley expanded from £1.5m. to £1.62m. in the year to March 31, 1975, after a rise from £0.8m. to £0.9m. in the first half.

Earnings for the year are shown to be up from 6.9p to 7.4p per 25p share and, as promised, the final dividend is 2.5p, lifting the total from 3.08689p to 3.5p net.

The final dividend is on the share capital as increased by the recent rights issue and by the scrip issue arising from the *enfranchisement of the "A" Ordinary.*

Pre-tax profits are struck after losses of £244,000 in respect of Chell Pargrae compared with a forecast of losses of £260,000.

Extraordinary debits of £50,000 net compare with the estimate of £150,000 made at the time of the rights issue. Chell Pargrae closure expenses are £30,000 (estimate of £100,000). Other extraordinary debits amount to £62,000 but are partially offset by property disposal profits.

	1974-75 £000	1973-74 £000
Sales	21,019	15,538
Profit on trading*	1,918	1,867
Debenture interest	95	97
Other interest	293	88
Profit before tax	1,530	1,682
Taxation	677	796
Minorities	15	4
Extraordinary debits	50	385
Attributable to holders	690	402
Preference dividend	6	6
Interim Ordinary	192	95
Proposed final	312	219
Retained	279	82

* After depreciation £905,000 (£835,000), and Chell Pargrae trading losses £244,000. Comparative figures adjusted to conform to current Statements of Standard Accounting Practice.

The directors say that sales for the first two months of the current year are running well ahead of the same period last year, although slackened demand in the commission dyeing and finishing activities of the textile division reported in March is still being experienced.

Following the rights issue current interest costs are "much reduced" and the group is in a strong financial position to expand its profitable activities; it is also well placed to meet the difficult economic conditions which lie ahead.

● **comment**

But for the non-recurring Chell Pargrae losses, Sketchley's 1974-75 profits would have risen by 24 per cent. pre-tax with most of the growth coming from the overall services division. This reflects an increase in the existing capacity of the division, plus the first-time inclusion of Industrial Clothing Rental. Bank interest charges were more than doubled last year but, following the March rights issue, borrowings have been substantially reduced and by the year-end should be down to around £500,000, against £1.6m. previously. Demand generally is still running at a fairly high level and, given that in 1975-76 the group will benefit from the elimination of Chell Pargrae and is expecting to see further growth from ICR, the immediate outlook seems bright. At 62½p the shares are yielding 13.7 per cent.

Marianne Lee

Sir David Collins, chairman of Westland Aircraft.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Steam Specialities	3.1	Aug. 1	2.9	4.6	4.4
Clyde Blowers ......int.	0.88	July 28	0.83	—	2.77
D. Doncaster	1.38	Aug. 5	1.43	2.55	2.35
George Ewer	0.65(b)	Aug. 18	0.67	0.98	1.02
B. Fertleman	1.27(a)	—	1.06*	2.07	1.84*
GEI International	1.93	July 24	1.76	3.11	2.86
Gt. Portland Estates	2.25	Sept. 4	2.0	3.25	3.0
Hargreaves Group	1.25	July 28	1.15	2.12	1.96
Land Securities	2.47	July 25	2.16	3.97	3.66
Wm. Pickles	0.35	Aug. 1	0.34*	0.6	0.56*
Prince of Wales Hotels	2.28	July 30	2.28	2.28	2.28
Record Ridgway ......int.	1.1	Oct. 1	0.88	—	2.45
Sketchley	2.5	July 25	2.16	3.5	3.09
Triplex Foundries	1.55	Aug. 6	1.43	2.75	2.53
J. W. Wassall	0.55	—	0.58	1.11	1.13
Westland ......int.	0.97	July 31	0.89	—	2.37
Weyburn Engrg. ......int.	2.73	July 18	2.5	—	5.65
Wolverhampton Laundry	nil	—	0.44	nil	0.44

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) In cash or shares.

Advance for BSS—rights

TURNING IN profits up from £1.17m. to £1.42m. for the year ended March 31, 1975 British Steam Specialities Group also announces plans to raise some £817,500 by way of a rights issue of one-for-four at 50p.

Earnings per 20p share, excluding extraordinary items, are stated to be up from 8.3p to 9.9p. The dividend is raised from 4.4p to 4.6p net, with a final of 3.1p.

Chairman, Mrs. H. P. Waudby says that price controls have curtailed profitability, but even so it is claimed by the Price Commission that the group may be about £200,000 (before tax) above its reference levels; the extent of this excess is being discussed with the Commission.

Financing of the business has been aggravated by inflation, but action taken has enabled BSS to improve its cash utilisation and liquidity. Containment of the overdraft position has been made possible by careful control of both stocks and debtors.

Net proceeds of the issue (applicable to holders registered June 13) will initially reduce bank borrowings but will provide, through the enlarged equity, a base for continuing group expansion. Year-end overdrafts stood at £1.31m. (£1.28m.).

It is intended in the absence of unforeseen circumstances, to recommend the payment of dividends, on the increased capital, in respect of 1975-76 of not less than those recommended for 1974-75.

It is expected that provisional allotment letters and application forms for excess shares will be posted on July 4 for acceptance not later than 3 p.m. on July 25.

The issue has been underwritten by J. Henry Schroder Wagg and Co.

	1974-75 £000	1973-74 £000
Turnover	19,130	15,247
Profit before tax	1,427	1,166
Taxation	730	605
Net profit	697	561
Extra-ordinary debits*	36	24
Dividends	319	236
Retained	310	238

* Loss on disposal of subsidiary company (costs associated with defence against take-over bids).

● **comment**

Reflecting a quieter period of demand, particularly from the civil construction industry, BSS's growth rate slowed in the second half of the year, to leave pre-tax profits 21 per cent. ahead on a 25 per cent. increase in turnover after mid-way gains of 31 per cent. and 34 per cent respectively. As a rights issue candidate, the group has shown an average return on capital in excess of 25 per cent. since 1970, during which time expansion has run ahead of cash flow leaving end-year net borrowings at 55 per cent. of shareholders' funds, a small improvement on the previous year. But the company has no specific investment proposals to offer to shareholders and one could criticise the short term economics of substituting a net dividend cost of 9.2 per cent. on the new money for a notional interest saving at least two points below that. However, the supply and manufacture of pipeline equipment has further growth potential and the ex-rights yield at 72p, up 2p last night, is 10¼ per cent.

Statement, Page 23

Tarmac ahead of forecast

SPEAKING AT the annual meeting of Tarmac, chairman Robin Martin, said that profit for the first four months of this year was up on forecast and should the trend continue, he expected Tarmac to achieve the ninth successive record year.

He said there were two main stakeholders in the company, the shareholders and employees and there were unsatisfactory features at present for both.

"Shareholders in this company have increases in their remuneration at half the rate of inflation but they are given full information about their special interest. Most employees, on the other hand, are rewarded better but are not given enough information about their special interest.

SMC still favours Adwest bid

CORRECTED FIGURES comparing the performances of Myson Group and Adwest Group—which have rival bids on the table for Sealed Motor Construction—were issued by Myson yesterday at the Takeover Panel's request. Original figures issued by Myson on June 13 were "inadvertantly stated on an indexed basis of 100 rather than percentages."

Myson maintains that in the years 1969 to 1974 its dividend rose 232 per cent., against Adwest's 49 per cent.; its earnings per share gained 148 per cent. against Adwest's 101 per cent.; and that net tangible assets per share rose 944 per cent. against Adwest's 68 per cent.

However, a spokesman for Warburgs, advisers to Adwest, countered this by saying that Myson had chosen a favourable starting year for earnings, and that the comparison 1970 to 1974 was some 98 per cent. for Adwest and 60 per cent. for Myson. He also maintained that the Myson assets per share increase was largely due to a property revaluation.

As for the dividend, the spokesman said that Adwest had shown quite a lot of growth during more recent years of dividend restraint, whereas Myson's increase had come largely in pre-restriction days.

Meanwhile, the SMC Board has again issued a statement saying that it continues to favour the Adwest offer.

Other bids, Page 22

Westland looks for growth

DESPITE VARIOUS adverse factors, current year profits of Westland Aircraft are expected to be satisfactory, state the directors in their interim report.

The group's helicopter turnover continues to increase. While margins on certain contracts have not proved satisfactory, the directors are hoping for improved profits from helicopter activity although these are not likely to emerge before 1975-76.

The Government's recent decision to raise the permissible profit percentages on non-competitive Government business will be of some assistance in this respect.

Prospects of the hovercraft business are improving and profits from this activity will be better than indicated.

Normalair-Garrett's profitability is showing an upward trend, but the door business is suffering from the recession in the building industry the directors report.

The current year's profit is affected by the impact of accelerating inflation, particularly on long-term contracts where the negotiation of acceptable escalation clauses is seldom possible. Furthermore, the present strike at Westland Helicopters, at Yeovil, is reducing profits and delaying output.

Indications for the next few years show continued growth, mainly created by helicopter business, which the directors believe will increase in volume and profitability.

Interest in the SR.N6 type hovercraft for coastguard and naval applications is growing, particularly in the Middle East where a further contract has been secured. And following the cancellation of the Channel Tunnel, operators' interest in hovercraft for this route has increased.

Members are told that the Defence Review is not expected materially to reduce the receipt of new orders for military equipment during the current year. Initial production orders are currently being negotiated for Multi-Role Combat Aircraft equipment.

The general level of inquiries for new business remains high, and the build-up of export activities continues.

The net interim dividend is raised from 0.886p to 0.97p and the directors are forecasting a maximum permitted total of 2.59135p, compared with 2.37[illegible]p for 1973-74 which was paid from *profits of £6.6m.*

● **comment**

Westland's interim statement expects the 1974-75 results to be "satisfactory" whereas in January the group was talking in terms of an increase on last year's £6.6m. pre-tax. This switch to a more general assessment of the outlook for earnings this year is explained by a strike at the Yeovil helicopter plant, now into its fourth week. Helicopters accounted for 40 per cent. of pre-interest profits last year, and Yeovil is the biggest of the two factories in this division. However, the shares rose 1p yesterday to 47p, which puts a price of £4.5m. on John Brown's 21 per cent. stake in the group.

ISSUE NEWS

Short-term local loans

Arrangements have been completed for the placing of the following local authority loans.

Brentwood District Council (£¼m.), Harlow District Council (£¼m.), South Northamptonshire District Council (£½m.), Guildford Borough Council (£½m.), East Hertfordshire District Council (£¼m.), Watford Borough Council (£½m.), Cannock Chase District Council (£¼m.), Central Scotland Water Development Board (£1m.), Cotswold District Council (£½m.), County Council of South Glamorgan (£½m.), Woodspring District Council (£½m.), Wycombe District Council (£1m.), City of Nottingham (£1m.), Luton Borough Council (½m.), Fenland District Council (£½m.), Ynys Mon Isle of Anglesey Borough Council (£½m.), Beaconsfield District Council (£½m.), Wigan Metropolitan District Council (£½m.), Derwentside District Council (£½m.), Greater London Council (£2½m.), City of Aberdeen (£½m.), City of Lincoln (£½m.), London Borough of Wandsworth (£½m.), District of the Wrekin (£½m.) have all issued 11¼ per cent. bonds due June 23, 1976, at par.

EAST SURREY WATER PREF.

Underwriting has been completed for an offer for sale by tender of £1m. East Surrey Water Company 9 per cent. Redeemable Preference stock 1980. Full particulars will be available on Friday. Brokers to the issue are E. B. Savory, Milln and Co.

AKROYD DEALINGS

Following the introduction of Akroyd and Smithers, 25p Ordinary shares, dealings started yesterday, and the shares opened at 172p and closed at 170p.

JAMES FINLAY

James Finlay Corporation, Glasgow merchant bankers, announces that the subscription list for their private placings of securities on behalf of Scottish Offshore closed yesterday. Applications were received for 1m. Ordinary £1 shares at par payable as to 25p on application and these have been allotted in full.

PAHANG RIGHTS UNDERSUBSCRIBED

Pahang Consolidated announces that of the 16m. Ordinary shares offered by way of rights on the basis of one-for-one at par (25p) 6,872,774 shares including applications for 233,088 excess shares were accepted. The balance of 9,127,226 shares has been taken up by the underwriters.

MACARTHYS—87.2%

The Macarthys Pharmaceuticals issue, by way of rights, of 2,10[illegible] new Ordinary 20p shares at [illegible] per share, was accepted in respect of 1,835,578 shares (87.2 per cent.). The remaining 269,[illegible] have been sold in the market and surplus proceeds will be distributed pro rata to non-accepting shareholders as soon as practicable.

HAWKINS—91.5%

In response to the Hawkins and Tipson rights issue of 1,893,67[illegible] Ordinary shares, 1,733,321, representing 91.54 per cent., were subscribed. The balance has been sold in the market and net proceeds in excess of the subscription price will be distributed to those shareholders entitled thereto.

MARSHALLS—93.4%

Marshalls Universal announces that, in respect of the rights issue of 921,284 Ordinary shares, acceptances were received for 860,817 (93.44 per cent.). The balance has been sold in the market at 105p and the proceeds distributed to shareholders entitled thereto.

Coats Patons faces up to peak inflation

The following is the Review of the Chairman, Mr. Charles W. Bell, C.B.E., for the year ended 31st December 1974:

The Board

Mr. L. P. Bamford relinquished his duties as an Executive Director on 31st December last, and will retire from the Board on 30th June. His service with the Company dates from 1935. He has been a member of the Board since 1966, during which period his contribution has been valued by his colleagues, who wish him a long and happy retirement.

Mr. C. Michael Bell was appointed Managing Director of J. & P. Coats, Limited, as from 1st January 1974, in succession to Mr. H. Godfrey.

Mr. J. McAdam and Mr. W. J. Shelton were appointed Directors of the Company in February 1975.

Charles W. Bell, C.B.E.

Staff

The year 1974 was a testing one for staff in all sectors of the business. The response was outstanding and the Directors wish to put on record their appreciaiton of this performance.

The Business Year

Later in 1974 the relative optimism which ran through my comments in the Review with the 1973 Accounts, published in May, was tempered by the first adverse movements in some of the significant business indicators both nationally and, increasingly, internationally. There was prompt policy reaction particularly in respect of the relevant financial controls. Nonetheless, given the circumstances, the first six months of the year, both as regards turnover and profits, produced not unsatisfactory results. By the time we came to publish them, however, in November it was manifestly clear that we were running into a recession of some magnitude, and we said so with our announcement. The primary cause was undoubtedly the pressure of increased oil prices on world economies. This, together with other substantial increases in raw material and food prices, accelerated the latent trends towards inflation more or less universally. Some countries reacted with measures of deflation. Others attempted to ride along with the inflationary tide using palliatives of price control, subsidy, and the like, with equally disastrous results on the climate of business and on business confidence. The rise in production costs was of a degree never before experienced. This causes two major problems. In the first place it is extremely difficult, particularly in depressed trading conditions accentuated both by the restrictive techniques and the delays occasioned by price controls, to adjust market prices either sufficiently or quickly enough to cover the rise in costs. Margins therefore come under pressure. Secondly, the increased capital cost of stockholdings puts a severe strain on liquidity. Insofar as self-generated cash flow is inadequate to meet this demand, the interest cost of borrowings to meet the deficiency cuts further into already depressed trading margins.

Under these circumstances cash conservation becomes a paramount necessity. The process is painful. Quantitative stockholdings, already under strict systems of control, have been cut back to levels which under normal trading conditions would be regarded as unduly restrictive in respect of both production planning and market servicing. Mill activities have been geared back to achieve the consequent reduction in actual stock. In a vertically structured industry such as ours the process takes time. Areas of less profitable trading have been examined to determine the financial balance between continuation and disinvestment. In those cases where there is no compensating longer term commercial advantage, operations have been and continue to be phased out, some temporarily, others permanently. Finally, considerable restrictions have been placed, as a temporary measure, on new fixed capital investment. Within the limits of cash availability working capital has a priority call. One can operate in the short term without new fixed investment. One cannot do so without working capital.

It is accepted that some of these measures do not always accord with normal business practice. We are dealing, however, with abnormal circumstances. When these circumstances change, as they must, so will our reaction to them.

As will be seen from the Accounts and my later remarks relative to them, additional capital absorbed in the business in 1974 was considerable. This involved a fairly substantial increase in borrowings and of the consequent interest charge. The measures we have taken have progressively slowed down this trend, assisted in many countries by a continuing reduction in the national rate of price inflation, which for our industry is now very largely a matter of labour rather than raw material costs. In this respect, however, the situation in the United Kingdom continues to be very disturbing.

Understandably with existing conditions we have difficluty in forecasting the effect on the Accounts of movements in the rates of foreign exchange. With our interim announcement we estimated, even as late as November, an exchange loss of £3,500,000 for the year. In effect the figure has turned out to be £1,600,000. With a differentially high rate of internal inflation, and with a differentially large current adverse trading balance, the position of sterling is technically weak. This could be reflected in relative rates throughout the year, in which event the overall outcome for 1975 would be an exchange gain.

Profits

Trading Profit. At £28,009,000, the Trading Profit for the first six months registered an increase of 11·4%. As clearly stated in our announcement, the second half-year showed a marked drop from £31,760,000 to £26,171,000, leaving the figure for the year down 4·8% at £54,180,000. Within this total, however, there is a weighting of very significant proportion. Two markets, U.S.A. and Australia, account *for a fall of 17·9%. This means* that all other markets, despite the difficult trading conditions, returned an *increased* profit of 13·1%.

GROUP RESULTS FOR 1974

	1974 £'000	1973 £'000	1972 £'000
Turnover	448,210	414,524	349,991
Assets employed	281,240	260,289	228,096
Profit before tax and loan interest	51,456	57,394	40,626
Profit earned for ordinary shareholders before extraordinary items	24,572	26,597	18,065
Earnings per share	9.2p	10.0p	6.8p
Ordinary dividend including income tax/tax credit	1.34p	3.86p	3.67p

Pre-tax Profits. These, at £47,257,000, compare with £54,146,000 in 1973, a fall of 12.7%. This reflects on the one hand the drop at trading level and on the other the considerably increased charge for interest, again as forecast in our interim announcement. For the reasons already given in this Review, Group borrowings over the year increased by £24,613,000. Additionally, the average rate of interest paid at 11% increased markedly over that of 1973, which was 7.6%. This rate is now tending to decline, but this is not necessarily a trend the continuance of which we would with confidence predict for the remainder of the year, particularly in the U.K.

Taxation

As you will recall, the imputation system of taxation introduced in 1973 was intended to re-unite the shareholder with his company as one tax subject, up to the standard rate of income tax. This meant that double taxation no longer existed in the U.K. This principle did not apply in respect of profits earned and taxed abroad when remitted to this country. Consequently, many multi-national companies find that the advance corporation tax, payable on dividends paid out of profits which have not borne a full corporation tax charge, effectively reduces the rate of U.K. tax for double taxation relief purposes to 17%. In addition, tax offsets such as capital allowances and stock relief, technically available in respect of the U.K. activities of multi-nationals, can seldom be fully utilised without running into problems with A.C.T. Indeed, purely U.K. operating companies can and will encounter the same problem and there is already evidence that *companies are carrying forward considerable amounts of stock relief* that could not be used.

The position is further exaggerated each time the standard rate of personal tax increases as a proportion of corporation tax.

It is obvious that on every occasion that stock relief cannot be fully utilised cash-wise because of A.C.T., the Government is, in effect, taxing inflation. It is also self-defeating to Government intentions if tax relief in respect of capital allowances and stock appreciation cannot in effect be utilised for the purposes intended.

Profit earned for Ordinary Shareholders. At this net level profits for 1974 were £23,461,000 (1973 £26,597,000) after extraordinary losses of £1,111,000, a reduction of 11·8% or 7·6% excluding extraordinary losses. Exchange loss accounted for 4·2% of the fall.

Dividend

It is desirable to supplement what has been said earlier in this Review on the subject of inflation. The cash flow statement in the Accounts shows that over the years 1973 and 1974 additional cash employed in the business amounted to £114,621,000, of which £85,110,000 was self-generated and £29,511,000 borrowed. Inflation in working capital required £63,600,000, or approximately 75%, of the self-generated funds, while the 1974 requirement of £36,847,000 exceeded the cash flow to produce a deficit of £2,118,000.

Our cash flow statement is deliberately laid out to show the capital cost of inflation as the prior charge against self-generated funds. By its nature, the capital cost of inflation is not an effective addition to the Company's capital, as it merely represents the additional cost of doing the same level of business rather than increased business on which additional profit can be foreseen. This capital has no earning capacity and must therefore be generated by the Company in the form of price increases and not raised in any form outwith the Company.

The Board of Directors believes that in the interests of the Company and its shareholders its prime objective is to deal effectively with the problem of inflation and, in so doing, to utilise the self-same tax system which, in our case, normally militates against a solution of the problem.

The Board has therefore decided, after much deliberation, not to recommend the payment of a final dividend.

I would like to emphasise that this decision has been taken for the protection of the shareholders' equity interest in the Company. Adequate profits for the payment of a dividend are available and there is no shortage of cash borrowing facilities. These currently stand at some £40,000,000, and the amount could be substantially increased were the need to arise.

Scrip Issue

The Board fully realises that shareholders may have cash problems and has decided to recommend to the shareholders a bonus scrip issue of one share for every twenty-five shares held by the shareholders on the register at 13th June 1975. It is hoped that most shareholders will retain the shares, but those who wish to have cash can sell them on the market in lieu.

Home Activities

The improvement of 1973 continued into the early months of 1974. Thereafter things took a decided turn for the worse. Financial stringency forced customers to cut back on stockholdings and orders tapered off in consequence. In a vertical industry this process has an accumulator effect, and it is therefore not surprising that the influence was relatively greater on those Home companies such as Patons & Baldwins, Limited, and West Riding Worsted and Woollen Mills Limited, whose manufacturing operations start at the raw material stage. Not surprising also that the influence in both cases was magnified by the fall in raw wool prices from the very high levels ruling in the immediate past. The reduction in Patons' profits was substantial. West Riding less so with an offset to lower results from other activities largely in the form of an improvement, following extensive reorganisation, arising in the Woollen sector. In common with the industry in general, the Knitwear Division results were very disappointing. The effects of lower market demand were exaggerated by substantial knitwear imports. Pasolds improved on the relatively poor results of 1973, but are not yet up to the profit levels expected from this operation. Jaeger profits at Trading were up on 1973, which under the circumstances was commendable. They would have been better but for the heavy cost of the reorganisation of Jaeger activities in the U.S.A. There has been a phasing out of some unprofitable sections of the Heathcoat complex, with a resultant improvement from the very bad results of 1972. The Non-Textile Division (largely small parts diecasting) fell away as the year progressed from record levels in the earlier periods. This sector is particularly sensitive to activity variations in the Engineering and Automobile industries.

Sales in J. & P. Coats (U.K.) Limited, both at home and with export business, held up well given the overall conditions. The considerable re-organisation of this company's production and selling arrangements is obviously paying off.

Coats Patons (Retail) Limited (the Bellman Shops) returns were poor for the second year running. Despite several changes in presentation, styling, range and pricing, we have never been able to get this operation quite right ever since the retail chain was originally acquired. It has had some limited use in retailing merchandise produced within the Group. Increased property values, of course, have always safeguarded us from capital loss on the cost of the investment. This was clearly, however, a sector of our Home operations which was brought sharply up against the Board's cash conservation directives. The decision was then inevitable. The shops will be sold off during the course of this year. The cash release not only from this sale but also from the working capital involved will give a substantial improvement in our sterling liquidity.

As I have mentioned several times in previous Reviews, there is a continuous process taking place of rationalisation and co-ordination of our complex Home activities. Events of the recent past have emphasised the need and added increased urgency to the pace. Several units have been closed down and others will doubtless follow as the various feasibility studies are concluded. Cost efficiency and the effective deployment of capital resources are the twin essential *pre-requisites of successful business.*

Foreign Activities

In foreign markets there were few exceptions to the general pattern of increased volume and value sales in the January/June period losing impetus in the succeeding six months. Insofar as market price adjustments were possible in terms of rapidly increasing costs, value assessments can be misleading. The position varies from market to market according to the nature of the production unit involved, but a reasonable average stock base between point of initial production and point of sale would be some 20 to 25 weeks. Clearly on this basis cost pressures were increasingly evident as the year progressed, and the rate was such that corresponding price adjustments to maintain margins were difficult and in many cases impossible to achieve.

In Europe the volume ratio of sales, up at the half-year, was down by December. The value *increase over the same period* was substantial. Spain, Italy and Belgium had a below-average performance, whilst Austria, Germany and Turkey were better than average.

The South American group of companies returned the best sales performance both by volume and by value. This area is heavily weighted by Brazil, where the rapid progress of previous years was temporarily halted, sales being about equal to those of 1973.

The Near East and Far East had a poor year, with total sales down markedly. India is the largest contributor, and the fall in this market was particularly severe in the second six months of the year.

Africa held up surprisingly well.

Quantity sales in Australasia were down. Cost escalation was particularly rapid. A combination of price controls and other depressive conditions, particularly in the general textile sectors of our local operations, severely affected prices and thereby trading margins.

The States complex is the most important of our interests outside *the U.K., and the annual results from this country have therefore* considerable relevance to the Group's figures as a whole. Whether by reference to sales volume, sales value, prices or profit margins, 1974 performance was extremely poor. As in so many other countries, production and distribution costs (and in the U.S.A. these latter are a very important factor) moved ahead at an alarming rate. Government deflationary measures, including lack of credit and cost of credit, cut *back consumer demand. Fierce competition for the reduced business* available made it quite impossible to effect the very necessary price adjustments in the market-place. The markedly higher production costs moved into inventories; this increased borrowings and, particularly with the high rates ruling throughout the year, the total charge for interest. None of the normal reaction from management, even American management, could effectively cope with this *conjuncture. The residuary legatee is the Profit & Loss Account.*

However painful this experience was, and indeed to a somewhat lesser extent continues to be, one cannot help reflecting that, from the point of view of the national economy, this process of sharp adjustment, which has brought current price inflation down to an annualised rate of about 6½%, has been well worth while. One can only hope that any measures of reflation, as a result of the political pressures *arising from the 1976 Presidential Election,* will not be such either in timing or in scope as to reverse the trend.

Prospects

Shareholders will appreciate how extraordinarily difficult it is under existing conditions to make any meaningful statement about prospects for the current year. The cumulative increase in profit attributable was 180% for the three years prior to 1974. This underlying strength remains. Even for 1974 there is considerable *relevance in the dissection given earlier in this Review of the movement* of profits as between the two markets individually named and the rest of the world. It is a reasonable assumption that any continuing set-back in 1975 would be only of a temporary nature.

Personal

By September I shall have completed forty-five years' service with the Company. I shall then retire from the Board. For the past nine of these it has been my privilege to be your Chairman. The experience has been stimulating. There are no regrets. It is a good thing for any institution to open windows to the fresh air of new ideas and new authority. I would not wish to leave without taking this opportunity to express my sincere thanks to my colleagues, past and present, and to the staff for their unvarying support, also to you, the shareholders, for your continued understanding. I am able to inform you with considerable pleasure and confidence that the Directors have indicated to me their unanimous intention to elect Mr. W. R. Henry as my successor.

The following statement was made by Mr. Charles W. Bell, Chairman of Coats Patons Limited, on June 17:—

The various comments made in the Press and by shareholders since the announcement of the decision to *pass the final dividend for 1974 have been carefully considered by the Directors.* The reasons for that decision are set out in my Annual Review. They are basic and unchanged. At the same time the Directors are agreed that it is desirable to give effect to those constructive proposals which have been put forward with a view to overcoming some of the short term difficulties. In consequence I should like to make the following points:—

1. The Board wishes to take this opportunity of stating its dividend policy for the longer term. The decision whether or not to pay a cash dividend and the amount thereof will be determined by earnings, irrespective of whether these profits are derived from the United Kingdom or overseas. As explained in the Directors' Report with the Accounts, the action in respect of 1974 represents a one-off decision in quite exceptional circumstances.

In this respect it must again be stressed that the decision was primarily influenced by the effect of inflationary pressures on the cost of working capital, amounting as they did to an increase of £64m over the two year period 1973/74. The higher interest charge on increased borrowings had its inevitable effect on attributable profit. The fact that no mainstream Corporation Tax was available in the United Kingdom to offset ACT would not of itself have led to the decision.

2. The Directors have agreed that a 1975 interim dividend, based on the increased nominal capital, at the rate of 0.9444p per share net (equivalent on the present basis of taxation to 1.4529p per share gross) will be paid. To help shareholders, and in particular those who take credit in their accounts for dividends on a calendar year basis, this dividend will be paid in December 1975 and not in January 1976 as would have been normal. This means that in equivalent terms total dividends of 1.8098p per share net will be paid during the calendar *year 1975 based on the increased nominal capital. It is intended to pay all subsequent interim dividends in* December.

3. Attention is directed to the statement in my Review on the impossibility, in view of international uncertainties, of giving any reliable forecast of profit performance for 1975. Cash liquidity is currently improving as a result of our various internal measures designed to this end, and of the substantial easement of the peak inflationary pressures of 1974 (except, regrettably in the United Kingdom).

At this moment in time the Board expects to wish to recommend a final dividend of not less than 1.7673p per share net (equivalent on the present basis of taxation to 2.7189p per share gross). The payment of this final dividend would, of course, be subject to authorisation under such regulations as might be in force at the appropriate time. This would then mean that shareholders would receive a *total of 2.7117p per share net (4.1718p per share gross)* as a distribution from 1975 profits.

4. The decision to recommend a scrip issue on the basis of 1 share for every 25 held is not designed as an alternative to the payment of a cash final dividend. For those shareholders who wish to sell part of their *increased nominal shareholding to provide cash, the Company has taken steps to facilitate the sale, at minimum expense,* of the new shares where their number is small.

Coats Patons

155 ST. VINCENT STREET, GLASGOW G2 5PA

MINING NEWS

Poseidon to make a £3m. one-for-one issue

BY KENNETH MARSTON

A RIGHTS issue to raise some $5.6m. (£3.28m.) is planned by Australia's nickel - producing **Poseidon**, the one-time "Windarra wonder" which, with disarming candour, says that it expects to make a loss of about $3m. (£1.76m.) in the current year *which runs to the end of this month.*

Poseidon is to offer 3.86m. shares of 20 cents at a price of $1.30 (88p plus the investment dollar premium so far as U.K. investors are concerned) in the ratio of one-for-one to shareholders registered by July 8. The issue is being underwritten by Melbourne brokers, Ian Potter. The existing shares are standing at around $3.90 in Australia. They dropped 40p to 370p cum-premium in London yesterday.

Heavy rains and the resultant flooding coupled with cost inflation and the deterioration in markets for nickel and copper are factors behind the expected loss for 1974-75. But Poseidon says that nickel concentrate production at Windarra is increasing—it reached 1,836 tonnes or 80 per cent. of the planned rate during the eight weeks to May 20—and copper output at Burra will more than double within the next three weeks.

Western Mining has a 50 per cent. stake in the Windarra project, but the company does not have a similar holding in Poseidon and, therefore, will not be faced with putting up sizeable new funds for the latter's issue. Is it worth following up by U.K. shareholders who must pay the investment premium?

They cannot hope for any early return on their money in view of the depressed state of the nickel market. But the issue is pitched on attractive terms and Poseidon shareholders may consider that a medium to long term investment in what is still a reasonable nickel deposit is a better alternative to depreciating money in the bank.

GEOMETALS IN GOLD HUNT

Yet another Western Australian gold-mining proposition is reported to be getting under way. It concerns former boom-time exploration company Geometals now under new management headed by former Melbourne stockbroker Barry Luxton.

Geometals, our Perth correspondent reports, is to work the *Nannine prospect near Meekatharra* for the optioned right to earn a half share. A syndicate *started developing Nannine in* 1972 with work stated to have confirmed a "strong geological structure that can be expected to continue undiminished at depth."

Luxton claims that he is "trying to put together the best quality gold speculation in Western Australia." He expects to work with borrowed funds for a minimum of six months and hopefully more like a year without resorting to a call on the company's shares. By that time it is hoped that the "assumption that attracted us to Nannine will be validated." Geometals has sold its *shareholding in Westralian Nickel* and has discharged all its outstanding loans the company states.

S. AFRICA BUYS KRUGERRANDS

Following the fall in demand *from overseas for Kruggerand* gold coins, the South African Chamber of Mines is reported *to be selling them to the Reserve* Bank at the official gold price of $42.22 per ounce (a Kruggerand *contains one ounce of gold*) in order to alleviate a build-up in stocks.

In turn, the bank has sold the equivalent amount of bullion out of reserves in Zurich so that the coins retained have not held up the premium receipts (the difference between the official and free market gold prices) to the gold mines.

When demand picks up, the Kruggerands will be bought back at the official price and then sold on the free market. About 30 per cent. of South Africa's newly-mined gold production has been going into the manufacture of these coins.

FRESH BLOW FOR CAN. JAVELIN

The controversial **Canadian** Javelin company, debarred by the Panama Government from exploiting the huge Cerro Colorado copper find, now looks like losing the *right* to develop *another* mining proposition, the Julienne iron ore prospect in the Labrador *sector of Newfoundland. Again* it is Government which is putting up the barriers.

The Newfoundland Government plans to introduce legislation which would revoke Javelin's right to develop the deposit because of the alleged lack of effort to bring it to production. Compensation is proposed. At the end of last year the company's *investment in the project was shown* as approximately $3.4m.

The Government has indicated *that when the legislation has been* passed tenders will be called for from any companies interested in developing the deposit which has been estimated to contain 1bn. tons of ore grading 36 to 38 per cent. iron.

Western Mining & Gt. Boulder

AS FORESHADOWED in Mining *Notebook on June 9, the Western* **Mining** bid for the 57 per cent. of **Great Boulder** which it does not *already own* is to be on a one-for-two share basis. Details are being worked out. Subject to a satisfactory outcome the Great Boulder directors intend to recommend the offer.

As regards the necessity for disposing of Great Boulder's 3.5 per cent. holding in Western Mining which would *have* to take place within 12 months, it is stated that no decision can be made for some time but the present intention is to offer these shares to Western Mining holders on terms to be decided immediately prior to the offer.

It has been thought in Australia that one of the prime considerations for the *proposed* Western Mining take-over of the struggling Great Boulder *nickel venture has* been to prevent that company from offering further tranches of *its Western Mining holding on* the open market as a means of solving its financial difficulties.

The two companies' nickel operations are linked in that Western Mining has been treating the concentrates *from* Boulder's Scotia and Carr Boyd mines. Since the take-over scheme was first mooted *last* month Carr Boyd has been closed down as an uneconomic proposition.

The scheme is subject to Great Boulder shareholders' approval and also has to be sanctioned by the Supreme Court of Victoria. Yesterday Western Mining dropped 13p to 137p in line with the generally poor market trend down-under. Great Boulder were *slightly better at 72p. The take-*over by Western Mining certainly seems to be the best way out for *its hitherto beleaguered share*holders.

BIDS AND DEALS

NO DECISION YET BY SKF

SKF, the large Swedish bearings group, will probably decide to-day *or to-morrow whether to raise* its £10.40m. bid for **Sheffield** Twist Drill and Steel following the £11.48m. counterbid by Thorn Electrical for STDS last week.

This was stated by an SKF spokesman in Stockholm yesterday. He said no decision on whether to increase the bid had yet been taken.

Meanwhile, the Stock Market—*which has been betting on a* higher SKF bid and has been marking the STDS share price above 90p, against the SKF and Thorn bids of 77½p and 85p respectively—was having second thoughts yesterday and STDS closed 6p down at 88p.

LONRHO MEETING ADJOURNED

Meetings of conversion loan holders of Lonrho to approve the *granting of an option to subscribe* for 4.84m. Ordinary shares on the terms of an agreement between *the company and Sheikh Nasser* Sabah Al Ahmed, have been adjourned to July 2.

ROWAN AND BODEN

The Elbon offer for the 868,841 Ordinary shares of 25p of Rowan and Boden not already acquired *has now closed. Acceptances have* been received for an aggregate of 9,015 shares—1.14 per cent. of *those for which the offer was* made. Prior to the offer period Elbon held 3,171,799 Ordinary (approximately 78.3 per cent.). The total number which Elbon has acquired or has agreed to acquire is accordingly 3,181,714 (78.74 per cent.).

HALFORD SHEAD

Holders of Halford Shead (Holdings) have *approved the early* settlement by the company of the balance of consideration payable *for L. E. Hart Associates.* Accordingly, 640,000 new Ordinary shares of 10p have been allotted to the *original vending shareholders of* Hart—they will rank pari passu with the existing Ordinary except *that 448,000 shares will not rank* for any dividends in respect of the years ending December 31, 1973 and 1976.

COMPANY NEWS

Freddie Mansfield

Lord Beeching, chairman of Redland, which yesterday announced preliminary figures for the year to March 1975 and a £7.5m. rights issue. See Page 23.

Hargreaves profit slips to £2.21m.

DESPITE A rise in turnover from £58.23m. to £93.75m., taxable profits of Hargreaves Group slipped from £2.45m. to £2.21m. in the year to March 31, 1975, after £1.27m. against £1.35m. for the first half.

Net earnings per 20p share are shown to be down from 5.7p to 4.9p for the year. The dividend is lifted from 1.953205p to 2.121p net with a final of 1.23p.

Net tangible assets are given as 48.5p *against 45.6p per share.*

	1974/5 £	1973/4 £
Group turnover	93,734,271	58,231,863
Trading surplus	3,706,315	3,365,818
Depreciation	1,845,079	1,390,329
Interest charges	535,346	294,022
Share associates	686,865	835,107
Profits before tax	2,209,758	2,445,976
Taxation	1,166,165	1,247,881
Extraord. debits	39,328	72,060
Attributable	984,265	1,120,032
Dividends	447,531	412,548
Retained	536,734	713,348

An analysis of pre-tax profits by activity shows (£000s omitted): commercial vehicle building and distribution 454 (321), fertiliser manufacture and distribution 665 (835), plant hire, contracting and waste disposal 180 (290), quarrying 248 (381), *solid fuel and fuel* oil 349 (278), and transport, shipping and warehousing 321 (453), debenture interest took 310 (210).

The directors explain that the 0.7 per cent. fall in pre-tax profits, resulting mainly from a decline *in the share of the profit* of associates, is due in large measure to increased costs and, therefore, working capital requirements.

The group's underlying strength remains "very sound" and the current year has started satisfac*torily, they add.*

● comment

Hargreaves' profits are a tenth ahead before interest charges. But liquidity pressures and a poor performance from the associates *have depressed the pre-tax figures* while at the earnings level the setback stretches to 14 per cent. *Interest charges have jumped by* £244,000, a sharp rise in working capital needs coinciding with a *lump in capital spending.* The fuel division (over a fifth of profits) had to find a lot more working finance last year while on capital account the group spent around £4m. against a figure for depreciation and retentions of just £2.2m. However, Hargreaves' borrowings were little more than a fifth of net worth at the end of 1973-74; and cover for a 6.6 per cent. yield at 39p still runs to more than twice.

G. Ewer drops to £0.37m.

AFTER A fall from £262,764 to £209,718 in the first half, taxable profits of George Ewer and Co. finished the year to January 4, 1975, down from £500,000 to £307,000. Turnover was £9m. compared with £9.67m.

The final dividend is 0.65p net in cash or shares, making 0.975p against 1.02p net for the year.

The tax charge is down from *£216,000 to £109,000, and £157,000* compared with £181,000, is retained.

The group operates as motor coach operators and retail motor distributors.

English & Caledonian

The directors of **English and Caledonian Investment Company** will not hesitate to draw on the £0.9m. unappropriated revenue balance in order to maintain the *present rate of dividend, says the* chairman, Mr. M. G. T. Rice.

The hope, he adds, is as usual *to work for an increase.* But industry, as a whole, is not earning nearly adequate enough profits to justify much confidence in the company's earnings "from its support of and investment in productive activities in this country."

Turning to the fall of 11.7 per cent. in the net asset value of the Ordinary shares in the year to March 31, 1975, the chairman explains that it is partly due to adverse experience with Euro-dollar and Multi-Currency loans *repaid at a low level of the* market.

It also reflects the holding of *large cash deposits although* the high rates earned helped the revenue account. Part of the deposit was earmarked for the redemption of Debentures.

As reported on May 9 revenue, before tax, was £600,399 (£502,330) and the dividend is 2.1p (1.9) net per share.

The directors waived £13,899 (£29,598) of their entitlements to fees.

Standard Life Assurance holds 13.86 per cent. and the Prudential Assurance 10.1 per cent. of the Ordinary. London and Manchester Assurance holds 29.2 per cent. of the Preference.

Record £2.3m. by GEI: £1.5m. rights

THE RECORD profit forecast by *GEI International* (engineering) for the year to March 31, 1975, turns out to be £2.3m., compared *with £1.66m. for the previous* year, after £0.91m., against £0.67m. for the first half.

Stated earnings per 20p share increased from 6.4p to 9.3p basic, or from 5.9p to 8.3p fully diluted, *and the dividend* is stepped up from 2.86125p to 3.114p net with a final of 1.927p.

Also proposed is a rights issue at 38p per share, to raise approximately £1.5m. The issue will be *on the basis* of two for every seven Ordinary and 24 shares for every £100 unsecured loan stock.

Reasons for the issue, the directors state, are that in 1971 *and early* 1972, when the U.K. economy was not buoyant, the group instituted an expansion *programme* which proved to be to its benefit in subsequent years.

It is not intended to implement *a further* expansion programme mainly directed to the U.K. product manufacturing companies, *involving both new* products and acquisition of additional production equipment, and also to *expansion of European interests.*

This programme will be undertaken during the current economic recession *and will* enable the group to take advantage of any subsequent improvement in the trading climate, *the directors* add.

Cash balances at end-March amounted to £1.6m. *Inflation* necessitates employment of additional working capital in stock and debtors and the present cash balances will be used mainly for that purpose, the directors explain.

Provisional allotment letters will be posted on June 20, and the last day for acceptance will be July 11. The issue is being underwritten by Samuel Montagu & Co. and the brokers to the issue are Joseph Sebag & Co.

It is proposed to increase the authorised capital from £4m. to £5.2m. by the creation of 6m. additional *Ordinary 20p shares.*

	1974-75 £	1973-74 £
Turnover	29,590,128	21,809,538
Profit before tax	2,303,705	1,662,105
Taxation	1,119,624	792,084
Net profit	1,184,081	870,021
Dividends	387,677	358,982
Retained	796,404	511,039

● comment

Continuing the interim rate of progress, *GEI* has turned *in* annual profits just over one-third higher on an advance fairly uniformly spread across the three main operating divisions. Although GEI is experiencing an improvement in the product companies, the steel division (where 70 per cent. of orders go to steel stockholders) is without a doubt down. Within the product division, however, commercial vehicle wheels represent the major growth area, and currently holding 17½ per cent. of the U.K. market, GEI is going for expansion overseas. Europe is one of the promising growth areas and the group already has two manufacturing units and three sales operations going there, but overall direct overseas business was still only around 10 per cent. of sales last year, so a real effort will be needed to bring in customer areas *outside the U.K.* The proceeds of the rights issue may well be earmarked for this end. Accepting that the *steel side is down,* but that commercial vehicle wheel sales are progressing, an indication of "*satisfactory*" profits this year may mean £2½m. pre-tax. Anyway, the yield of 9.7 per cent. at 51p is unlikely to bring buyers rushing in as long as direct exports are still fairly low.

J. N. Nichols sales up

Sales at J. N. Nichols (Vimto) are now showing an upward trend, which should continue throughout the current year, reports chairman Mr. P. Nichols.

He says the year ended March 31, 1975, was a difficult *trading period. Although VAT on* soft drinks was reduced to 8 per cent. the continued rises in the cost of sugar made price increases inevitable, which in turn caused a temporary drop in home trade sales.

As reported May 21 group pre-tax profit fell from £230,410 to £160,185. Exports were again a record at £900,000 but this figure includes a very considerable increase in costs, particularly the sugar price.

However, the group's main export markets are in the Arabian Gulf where demand continues at a very high rate. "We look forward to the future with considerable *confidence*" provided that political events do nothing to affect trade in this area of the world.

Meeting, Wythenshawe, Manchester, July 10, at 11 a.m.

Foster Bros. well ahead

A PROGRESSIVE year's trading and a worthwhile improvement in profit is forecast for the current year by Mr. H. G. High, chairman of **Foster Brothers Clothing Company.**

He reports substantial increases in turnover for the first quarter. Each of the subsidiary trading companies is making "satisfactory progess" which, he believes, can continue.

At present some 26 new shops are in the planning stage, compared with 40 in prospect a year ago. In a few months' time the group will have over 700 outlets in operation and under present conditions expansion will continue, but on a carefully controlled and strictly selective basis, says Mr. High.

Short term and overdraft borrowings at February 28, 1975, were *down to £0.88m.,* compared with £2.7m. a year earlier. This will reduce interest charges—up *from £115,000 to £301,000 in the* past year.

Should the need arise, which seems improbable in the near future, the company has adequate finance in support, the chairman says.

As known group pre-tax profit for the year was £3.27m. (£3.33m.) and the dividend is 2.1375p (1.965p) net per share. The chairman and a director waived remuneration to a total of £5,996 (nil).

In the director's opinion estimated value of land and buildings exceeds the balance sheet figure by approximately £3m. No provision has been made for tax liability which may arise on realisations.

Meeting Solihull, July 9, noon.

Deritend interests widespread

IN VIEW of the current economic situation, a firm prediction for group results of *Deritend* **Stamping** for the current year is difficult to make, reports the chairman Mr. C. W. Perry.

However, group interests are now quite widely spread; new plant and equipment have been installed, and building extensions completed.

Initial results for the first two months of the current year are in line with 1974-75, he tells members. "We cannot, however, guarantee that this will continue, although we are in a position to cater for any improvement which we hope may take place," the chairman adds.

As reported on May 15, taxable profits advanced by 60 per cent. to a record £1.66m. in the year to February 28, 1975 and the dividend is 7.6p (7p) net.

Mr. Perry explains that the profit increase was largely due to the elimination of loss-making situations and the introduction of new and more efficient plant.

An analysis of turnover—£18.08m. (£13m.), and trading profit—£1.72m. (£1.06m.), by division shows (in percentages) *forging* 50 (52) and 40 (17), manufacturing 31 (27) and 42 (52), and electrical 19 (21) and 18 (31).

The statement of source and application of funds shows an increase in net bank borrowings of £155,000 (£65,000). The accounts show that the chairman has waived commission of £21,082 (£9,132).

Meeting Birmingham on July 9 at 12.30 p.m.

Chairman's statement, Page 20

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. £ or Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	172	163	Akroyd & Smithers	166	.....	—	—	—	—
—	F.P.	—	[illegible]	[illegible]	Bell Canada ($20)	[illegible]	−½	—	—	—	—
48	F.P.	11/7	56	48	Clive Discount (20p)	51	−1	15	—	8.7	—
‡	F.P.	—	£22¼	£17½	Cont.Can. Inc. $US1	£18⅛	+⅛	$1.8	—	4.5	—
$132	F.P.	30/5	365	285	Deelkraal Gold Mining	330	.....	—	—	—	—
‡‡	F.P.	—	154	120	Ewart New Northern	131	.....	—	—	—	—
140	F.P.	20/6	181	165	Rank 'A'	155	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100½	98⅝	Agricultural Mortgage 11% 1976	100	.....
‡£100	£25	11/6	65	38	Allied Irish 10% Conv. Uns 1985	39	−4
£100	£10	11/7	11¾	11⅛	Colne Valley Water 9% Red. Prf. 1980	11¾	.....
£100½	£10	31/7	11½	11¼	Folkestone Dist Water 9% Red Prf. 1980	11¼	.....
‡£100	F.P.	6/6	132	121	Gestetner 10% Conv. Uns. '90/95	128	.....
$98	F.P.	—	$98½	$98½	Granges 9¾% Bonds 1985	$98½	.....
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 13% 1980	100¾	.....
††£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	101xd	.....
**	F.P.	23/5	105½	101¾	Mid-Southern Water 10% Prf. 1980	102xd	.....
$100	F.P.	—	$101½	$100½	Norsk Hydro 9½% Bds. 1985	$101½	.....
£100	F.P.	21/5	123	106	N. Atlantic Secs. 7½% Cnv. 95-96	118	+1
£100¼	£10	31/7	11⅛	11	N. Surrey Water 9% Red Prf. 1980	11¼	.....
††£70	F.P.	—	103¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	105	.....
£100	F.P.	30/5	165	122	Slough Estates 10% Conv. Uns. '87/90	142	+7
£99½	£45	1/8	46¼	43⅛	Southend-on-Sea 12¾% 1981	44	.....
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	101xd	.....
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101	.....
£99¼	£65	11/7	65	64½	Warwickshire 12¼% Red. Stk. 1980	64½	.....
£1	nil	24/6	10	2	Waterford Glass 10% Conv. Cum. Red. Pref.	2½pm	−1½
—	F.P.	14/2	90	60	Worth (Bond) 12% Conv. Uns.	65	.....
‡£100	£50	2/10	97	67	Yorks Chems. 12¼% Conv. Uns.	82	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	Stock	Closing Price p	+ or −
100	F.P.	28/5	30/5	Ash & Lacy	125	−2
33	F.P.	16/5	2/7	Associated Biscuit	52	.....
43	Nil	20/6	8/8	Associated Engineering	10pm	−3
25	Nil	—	—	Barrow Hepburn	10pm	−2
85p	Nil	—	—	Bell (A.)	10pm	−2
46	Nil	—	—	Boc Intl.	4pm	.....
£100	Nil	—	—	Borel (Jacques)	243pm	.....
38	F.P.	28/5	30/5	Cadbury Schweppes	46	−½
40	Nil	—	—	Carless Capel	20pm	.....
A$1.56	Nil	—	—	Commercial Bank of Australia	88pm	−5
46	Nil	—	—	Dupont	3pm	−1¼
25	F.P.	13/6	11/7	Elliott Grp. (of Peterboro)	37	.....
65	Nil	—	—	Ever Ready	10pm	−5
150	F.P.	10/6	12/8	Fairclough (Leonard)	165	−3
200	Nil	—	—	Glaxo	165pm	−8
17	Nil	—	—	Gordon Johnson-Stevens	2pm	.....
175	F.P.	19/5	20/6	Guest Keen	241	−8
52	F.P.	16/6	11/7	Hawkins & Tipson	65	−1
25p	Nil	24/6	18/7	Hestair	25pm	−3
125	F.P.	4/6	6/6	Linfood Hldgs.	163	+5
40	F.P.	13/6	11/7	Macarthys Pharm.	80	+1
100	F.P.	28/5	30/5	Manbre & Garton	120	−1
100	F.P.	11/6	11/7	Marshalls Universal	111	−6
Kr200	Nil	—	—	Norsk Hydro	£27pm	+1
10p	Nil	—	—	NSS Newsagents	36pm	.....
60	Nil	—	—	Nurdin Peacock	20pm	.....
105	Nil	19/6	17/7	Prudential Ass.	15pm	.....
47	F.P.	4/6	16/7	Richard & Wallington	60	.....
30	Nil	—	—	Root Harvesters	8pm	.....
300p	Nil	—	—	Siebens Oil & Gas UK	270pm	−20
95	F.P.	31/5	2/6	Simon Eng.	102	+2
315p	F.P.	9/5	11/6	Sun Alliance	419	−1
125	F.P.	30/5	3/6	Tarmac	128	−2
75	Nil	20/6	18/7	United Biscuits	15pm	.....

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. ¤ Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ※ Offered to holders of Ordinary shares as a "rights." ♥ 100 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants.

UNIT TRUSTS

BARCLAYS UNICORN EXEMPT

Barclays Unicorn has announced that the income distribution to shareholders in **Unicorn Exempt** Trust, for the six months to April 18, 1975, is at the rate of 1.5109p per share or 11.4 per cent. higher than for the comparable period last year.

Mr. Derrick Hanson, Barclays Unicorn chairman, points out that during the first two months of the period share prices continued to fall and the managers continued a policy of buying good class equities where the prospective yield exceeded the returns being obtained on money deposited with local authorities.

In January the equity market started a recovery which continued up to the end of April and the managers reduced liquidity to a negligible level which enabled the capital value of the units to out-perform the FT Ordinary Index.

Profits have been taken where the yield has fallen below average and proceeds have been re-invested in shares providing a higher income. Also a measure of liquidity has been restored.

SCOTFUNDS

In the six months ended April 15 the managers of Scotbits Securities' *Scotfunds substantially* increased the equity content of the portfolio through further investment *in most of the world's* major stock markets. On April 15, holdings in the U.S. accounted *for a third of the portfolio's value.* U.K. holdings represented 21.54 per cent., Continental investments *made up a further 17.51 per cent.* and Far East holdings amounted to 13.35 per cent.

The managers say they believe prospects for world stock markets are more favourable than for some time. The fund has back-to-back loans. The distribution for the 6 months is 49p per 100 units.

EQUITAS PROGRESSIVE

Equitas Securities has announced the 12th distribution of income on the **Equitas Progressive Trust** for the period ended April 30, 1975, at 0.78p net per unit.

DRAYTON FUNDS

Drayton Unit Trust Managers has announced a net income distribution for the **Drayton Commodity and General Trust** for the half-year ended April 30, 1975, of 1.0400p per unit, compared with 0.8836p net for the last comparable period.

M. & G. DIVIDEND

The interim distribution of the **M & G Dividend Fund** for the period to end November 16, 1975, will be 1.85p net per unit compared with 1.7p net for the comparable period last year. Adjusting for the change in tax rates, this means *an effective increase* of 8.8 per cent. at gross level, and is the 7th sucessive year there has been increase at the interim stage. The final is expected to be at least the same rate as last year.

M & G MIDLAND

The interim distribution of **Midland and General Trust Fund** for the year to end-June is 2p per unit net, compared with a corresponding amount of 1.8p last year. M and G expects to be able to increase the final dividend as well.

CRESCENT FUND

The net distribution of **Crescent High Distribution Fund** for the half-year to May 1, 1975, is 0.8341p per unit compared with a net rate last year of 1.0701p per unit at the corresponding date. Total for the year is approximately 10 per cent. down on the previous year due to lower interest rates for money on deposit, and the change of the dividend payment date by *several companies in the portfolio.*

EBOR UNIVERSAL GROWTH

In the annual report on the **Ebor Universal Growth Fund** for the year ended April 15 1975, the managers say that liquidity was *increased to a very high level in* the first half of the period. But at the end of the period it was down to a "*modest*" 10.87 *per* cent.

Particular emphasis was given to *European equities and the U.K.* additions to the portfolio mainly comprised companies with *substantial overseas interests* or exports. At April 15 last, 37.71 per cent. of the portfolio was invested *in Europe. The North American* sector was also increased from 28.83 per cent. to 34.43 per cent.

Holdings in the Far East and Australasia were reduced from 25.97 per cent. to 16.91 per cent., *mainly as a result of sales of* shares in Australian and New Zealand companies. All but one of *the holdings in South Africa* were also sold.

BARCLAY TRUST

The distribution of income payable to the holders of income *shares in the* **Barclaytrust Investment Fund** on June 15, is at the rate of 2.6987p per share. An amount of 2.7135p *per share* was earned by the proportion of the Fund attributable to the Accumulation Shares, and this income has been added to the Fund.

هكذا من الأصل

COMPANY NEWS

Redland down by 21%—£7.5m. rights

...E same time as announcing ...posed one-for-seven rights ...at 67p per 25p share, to ...approximately £7.5m., after ...es, Redland reports that ...inary unaudited results for ...ar to March 31, 1975 show ...of 21 per cent. in taxable ...to £19.06m., attributed to ...orld-wide recession in con... on activity. The half-way ...was £9.75m., against ...n.

...l sales rose by 12 per cent., ...in the U.K. being up by ...cent. and overseas up by ...cent. Of the year's pre-tax ...74 per cent. was earned ...as.

...ed earnings per share were ...from 12.03p to 8.75p basic ...om 11.63p to 8.45p diluted. ...final dividend recommenda... for 1974-75 will be made when ...figures are available on ... but the directors expect, ...absence of any unforeseen ...stances, to recommend the ...um permitted under ...controls. This would ...in a final of 2.8124p gross ...total of 4.3706p per share ...against 3.885p for 1973-74. ...ugh the directors feel it ...early to make a safe pre... of results for 1975-76, they ...pect, in the absence of any ...ant deterioration in trading ...ons, to recommend for that ...ayment on the enlarged ... of 5.2450p gross, an ... of approximately 20 per ...er the expected total for ... Treasury consent has ...been obtained for ...l payments up to this ...

...urpose of this issue is to ...Redland to continue to ..."real terms," says Lord ..., chairman. Proceeds will ...to pursue the group's ...ities for new investment ...ruction materials and ser... principally overseas, includ... extension of the inter... concrete roof tile ... In the immediate future ...s will go to reduce short and medium term borrowings.

Subject to approval at an extraordinary meeting on July 3 of an increase in authorised capital, 11,676,899 new Ordinary shares will be offered to holders of Ordinary shares and 6½ per cent. Convertible stock registered on June 9, payable in full on acceptance by July 24 (3 p.m.) on the following basis—one share for every seven held, and one for every £6.0834 nominal of the 6½ per cent. Convertible.

Underwriting is being arranged by Baring Brothers and Co. Brokers to the issue are Cazenove and Co.

Subject to the passing of the resolution and to the new shares being admitted to the Official List, renounceable provisional allotment letters will be despatched on July 3. It is anticipated that dealings in the new shares, nil paid, will commence on July 4, 1975.

	1974-75 Unaudited £m.	1973-74 Audited £m
U.K. sales	78.20	65.60
Overseas sales	[illegible]	74.15
Total sales	154.47	127.76
Profit before tax	19.06	24.26
U.K. subsidiaries	3.00	7.92
Overseas subsidiaries	18.79	12.47
Share associates	3.27	3.96
Tax	9.28	11.73
Profit after tax	9.59	12.53
Minority interests	[illegible]	3.33
Attributable	6.82	9.22
Divs. paid & provided	2.25	2.93
Retained	4.36	7.16

See Lex

BOARD MEETINGS

The following companies have notified date of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—Avon Rubber, Leon Berner, Brunner Investment Trust, Cardiff Malting, CompAir, James H. Dennis, Arthur Guinness, Lindustries, Tollemache and Cobbold Breweries.

Finals—Carrie's (Holdings), Cavenham, Central and Sheerwood Trust, Dom Holdings, House Property of London, Invergordon Distillers, H. C. Janes, F. H. Lloyd, London and Northern Securities, Robert Moss, Property and Reversionary Investment, Rexmore, Shaw and Marvin, Tesco Stores, Unerman, Whitbread.

FUTURE DATES

Interims—

Abbey Panels	June 24
Lloyds Bank	July 23
Nash (J. F.) Securities	July 4

Finals—

British and American Film	June 20
Graham Wood Steel	June 26
Headlam Sims and Coggins	June 19
Lankro Chemicals	June 23
Leadenhall-Sterling Investments	June 20
Rothmans International	July 1
Tecalemit	June 24

* Amended.

Landsits net income up: asset values

ANNOUNCING AN increase from £6.08m. to £9.43m. in net income from completed properties—which is available for distribution—for the year ended March 31, 1975, Land Securities Investment Trust also discloses that a professional valuation of completed properties has produced a reduction of £256.39m. in book value to £805.1m.

In arriving at the net available income, realised capital losses of £1.93m. (£3.58m. profit), and net outgoings attributable to development properties of £7.32m. (£4.08m.) have been met by matching transfers to and from capital reserve.

Earnings per 50p share are stated at 6.33p against 5.44p basic, and 5.32p against 4.7p fully diluted. The dividend total is raised from 3.665p to 3.975p, with a final of 2.475p net on capital increased by conversions.

	1974-75 £000	1973-74 £000
Gross income	46,050	44,426
Rents less expenses	35,829	32,600
Interest payable	26,053	15,356
Income from completed properties	17,576	17,067
Taxation	8,144	4,990
Net income avail.	9,432	8,077
Ordinary dividends	3,926	3,427
Increase in c f	5,506	5,648

Net income from all properties owned was £2.11m. (£4.2m.) after deducting interest payable of £35.95m. (£19.37m.) and a tax charge of £2.68m. (£5.67m.) which was reduced by adjustments relating to previous years of £371,000 (£714,000).

Total net assets at March 31 attributable to Ordinary holders are shown at £434.37m.—equal to 291p per share. Assuming all outstanding conversion rights are exercised, the figure would be 234p.

	1974-75 £000	1973-74 £000
Properties	916,412	1,150,404
Other fixed assets	680	670
Short-term deposits	3,121	27,904
Other current assets	13,350	15,119
Ordinary capital	74,516	74,175
Reserves	530,954	632,811
Convertible stocks	112,712	122,230
Other long-tm. brwngs.	276,768	276,860
Short-term borrowings	77,928	65,311
Other liabilities	35,821	34,720
Totals	933,400	1,194,033

See Lex

Fertleman up 35%—100% scrip

FURNITURE MAKERS B. Fertleman and Sons reports a jump of 35 per cent. to £439,309 in group pre-tax profit for the year ended March 31, 1975. Sales rose 30 per cent. to £3.2m. with exports accounting for almost one-third.

The gross dividend total is raised effectively from 1.8375p to 2.067p, with a final of 1.267p. A further one-for-one scrip issue is also proposed.

	1974-75 £	1973-74 £
Group sales	3,389,300	2,465,948
Profit	439,309	324,150
Taxation	226,960	171,073
Net profit	210,349	153,127
Dividends	13,985	13,820

'Cautious' expansion at Brook St.

MR. E. HURST, joint chairman of Brook Street Bureau of Mayfair, says the company stands ready to take early advantage of any felicitous turn in the economy, and during the second half of 1975, will recommence a cautious *programme of branch openings in* Britain, Australia and possibly elsewhere.

He declares 1975 is likely to prove a tough year, but not one for which the company is unprepared. The Board has exercised *a rigorous control over running* costs, and also, as the balance-sheet demonstrates, on capital expenditure.

Since late 1973, the Board has sought, and achieved, increased liquidity to the extent that by *December, 1974, tangible assets,* conservatively valued and taking no account of the current worth of leases, represented about 29p per Ordinary share with virtually all the 1974 increment to holders' funds being represented by an *increase in cash balances.*

Furthermore, by reason of the recent scrip dividend scheme the impact of dividends on 1975's cash flow will be greatly reduced.

Subject to unforeseen circumstances, Mr. Hurst confirms his *forecast that group pre-tax profits* for the first half of 1975 will exceed £500,000 (first half 1974—£838,374) and that during the second half they should exceed the £421,374 earned during the second half of 1974.

As reported June 3 the dividend is raised from an adjusted 3.82p to 4.204p net.

Mr. Hurst emphasises that results suffered less by comparison with a booming 1973 than respective bottom-line figures *suggest, despite a severe and* sudden fall in turnover and profits of the Australian group resulting from the downturn in the Australian economy in the latter part of the year, and in an accompanying, though less pronounced, *reduction in the trading activity* in the U.K.

C. H. Industs. warning

Mr. T. M. Hearley, chairman of CH Industrials, warned shareholders at yesterday's annual *meeting it was* "inevitable that profits for the first half of 1975-1976 will be well below those of the record half year results of the corresponding period last year."

He felt, however, that there were many signs which allowed optimism in the medium-term.

This year would be difficult, *with problems of inflation* and industrial unrest making forecasts for most companies, including CHI, impossible.

The company would be ready for any upswing in demand but such conditions were unlikely to occur much before 1976, Mr. Hearley said.

Gt. Portland downturn: pays more

A SHARP contraction in pre-tax revenue from £2.35m. to £1.42m. is reported by Great Portland Estates for the year to March 31, 1975, after £1.11m., against £1.22m., for the first half.

The gross revenue loss resulting from the freeze for the year exceeds £960,000 compared with £225,000, it is stated.

The pre-tax revenue is struck after £430,825 for exceptional repairs arising on the refurbishment of buildings.

Earnings per 50p share are shown at 4.2p, against 3.1p. A final dividend of 2.254p raises the *net total from 2.9975p to a* maximum permitted 3.254p per share.

	1974-75 £	1973-74 £
Gross rental income	4,709,928	4,479,341
Revenue before tax	1,420,929	2,346,195
Taxation	956,711	1,104,152
Available*	1,250,118	1,310,251
Interim dividend	269,792	265,207
Final	614,109	578,772

* Includes amount equal to outgoings attributed to properties in course of development £355,000 (£141,300).

Revenue, after tax, includes an extraordinary credit of £130,300 *being the surplus arising on* redemption of a debenture by a subsidiary (1974 extraordinary item—charge for valuation £73,152).

Prince of Wales Hotels loss

A turnround from a profit of £162,000 to a loss of £46,791 is reported by Prince of Wales *Hotels for the year 1974. The* dividend is held at 2.283p net.

The directors say the results were exceptional in that they included part of the expenditure in refurbishing three hotels, a loss due to the temporary closure of the Park House Hotel during refurbishing and a running-in loss on the Priory Hotel.

	1974 £	1973 £
Turnover	1,765,998	1,529,964
Interest payable	67,074	31,310
Exceptional expenditure	33,610	—
Loss	46,791	*162,000
Tax credit	14,327	†30,730
Extraordinary debits	—	9,322
Net loss	34,464	*71,573

* Profit. † Charge

Mr. A. M. Clayman, Mr. B. Clayman, Mr. C. Berlin, Mr. M. H. Knee, and Bass North West have waived their entitlement to the dividend.

Progress by Wadham Stringer

Despite difficult conditions, trading of Wadham Stringer, the Rolls-Royce and British Leyland motor distribution group, was ahead in the first five months of the current year, shareholders were told at the annual meeting by Mr. F. C. Stringer, the chairman.

A decline in new car sales had been compensated by a strong used car market, he said. A strict control on costs was being maintained and "we are operating well within our bank facility."

A £300,000 contract had been won in South America for the supply of a military version of the Dell Quay Dory rigid raider boat, which included setting up service and maintenance facilities there. Exports now totalled some 80 per cent. of the marine division order book.

Shareholders approved an increase from £3.35m. to £3.85m. in the authorised capital.

Berry Wiggins confident

Berry Wiggins and Co. looks forward to the future with "great confidence," knowing the company is on the move, says the chairman, Mr. P. Bristol.

The company has gone through its toughest period for many years, and is "stronger and more viable." Generated cash flow increased from £0.8m. to £1.77m. in 1974 and is likely to increase fur*ther in 1975, he declares.*

The company has financed the contract for drilling on the Beryl *Field Platform* in the North Sea, and has reached an advanced stage in securing additional support to meet other requirements.

While he is confident of obtaining the additional finance, should there be any unforeseen difficulties any consequential liabilities will be well within the group's capacity, the chairman adds. Capital commitments authorised and contracted for at end 1974 were £13.1m. (£0.4m.).

As reported on May 20 group pre-tax profit for 1974 was £1.26m. (£1.09m.) and the dividend is 1.925p net (same). An analysis of turnover and profit (in percentages) shows bitumen 73.8 and 18.4; refining and storage 7.9 and 21; drilling contracting 15.6 and 75.7; other offshore-onshore oil services 2.7 and deficit 15.1. Geographically the turnover was derived as to U.K. 79.3; North Sea *3.4; Africa 8.3; Europe 4.8;* and Middle East 5.1.

The value of goods exported from the U.K. increased to £1.5m. from £0.48m.

It is intended to transform the group into an oil service group which can participate in every major oil area worldwide. "The possibilities are enormous if we can continue to build on the solid base that has already been established," says Mr. Bristol.

Meeting: Hotel Inter-Continental, W., July 10, noon.

WINDING-UP ORDERS

Orders for the compulsory winding-up of 31 companies have been made by Mr. Justice Templeman in the High Court. They were:

Florasia Enterprises, Pinkford Builders, Atkinson Enterprises (Luton), Frederick Clark (Builders), London Store Design, Wollasduct, Southern Area Maintenance Services, Kestral Freighters, Daveroom, G. and D. Tasker and W.P.R. Advertising.

Leslie Tomlinson, Group Travel and Finance Services (U.K.), Cado (Designs), E. Knowles (Tobacconist), J.I.C. (Complete Storefitters), Highbury Securities Planned Finance, Forbee (Caterers), Cohen Lewis and Goodman, Lustraphone Hi-Fi and Rannergrove.

Supportcrete, E. and I. Transport Services, Power Generation and Resources, Family Bulk Buying, W. Rudd and Sons.

Imetal confident despite nickel difficulties

BY RUPERT CORNWELL

PARIS, June 17.

THE REVAMPED structure of the Imetal mining group, now a holding company which embraces the whole of the Rothschild's interests in the sector, should lead to a much steadier flow of dividends to shareholders in the future, despite the grave difficulties which once again beset its large nickel interests.

This was the message of Baron Guy de Rothschild, Imetal President, in his speech to the Annual General Meeting to-day, in which he emphasised that by reshaping the group he had put it on a much sounder financial footing without sacrificing any of the benefits of being an integrated industrial concern.

The principal element in the reorganisation of the Rothschild holdings was of course the disposal in March 1974 of a 50 per cent. interest in Societe le Nickel to the State-backed oil company Aquitaine—thus shedding part of the heavy burden of a subsidiary which had been a regular and heavy loss maker.

This year should bring early proof of the advantages to shareholders. Despite the expected heavy losses which SLN will once more incur—it has been estimated that it faces a deficit of up to Frs.100m. (£11m.), such has been the fall of the dollar against the franc and the drop in world nickel demand—Imetal should be able to pay a dividend.

Its 1975 income will mainly consist of income from subsidiaries relating to the healthier year of 1974. Baron Guy said that the surplus the company expects to carry over should ensure that its dividend is maintained when its own revenues will bear the full brunt of to-day's difficulties.

The restyled Imetal's consolidated accounts now take in 70 companies, of which 38 are based outside France. Just over half of its assets are in Europe, and 37 per cent. in the key nickel installations in the Pacific island of New Caledonia.

Profits, Baron Guy said, were almost three-quarters generated in Europe last year, and the largest contribution by product came from the lead and zinc business of Penarroya with 46 per cent. Other mining activities, Uranium, iron and manganese, and the financial sector each chipped in a quarter, and nickel only 3 per cent.

This last figure, although eloquent proof of the unprofitability of the metal now, showed just how much scope there was for an improvement in Imetal's own results once the international nickel market turned upwards again, he argued. For the time being, most hopes are pinned on Imetal's second subsidiary, Penarroya. Although the company is expecting lean times in 1975 thanks to lower sales and product prices, Baron Guy was hopeful that conservative management over the past few fat years would enable a dividend to be paid. Cie de Mokta, for its part is expected to be in the black this year.

Consolidated figures for 1974 show a group turnover of Frs.4.9bn. (£510m.) with a gross cash flow of Frs.593m. Consolidated profits were Frs.209m., of which Frs.143m. was attributable to Imetal.

Lafarge investment plans for 1975 to 1979

PARIS, June 17.

CONSOLIDATED 1974 net profits for Ste. Lafarge were Frs.151.7m. (Frs.215.1m.). Group net profits before extraordinary items were Frs 100.9m. (Frs.127.1m.) and earnings per share came out at Frs.21.69 (Frs.27.32). Consolidated net turnover was Frs.4.8bn.

The company plans Frs.3.7bn. worth of investments for the five years 1975-79: 42 per cent. of this will be in France and 38 per cent. abroad. Lafarge said 78 per cent. of the capital spent will concern cement and related industries and 22 per cent. will be directed towards other sectors.

The 20.6 per cent. fall in 1974 group profits is the result of the Government's exceptional levy and the depressed state of the building trade. An improvement may be expected in the 1975 figures, according to company chairman, Olivier Lecerf.

The chairman said despite the recent rise in the price of cement to Frs.121 from Frs.115, the group is still handicapped because the new prices are not realistic. Cement producers had asked for a 20 per cent. increase and prices may possibly be allowed to rise again in October.

Profits at Lafarge have suffered from the fall in the dollar against the franc.

Reuter

Sharp fall in V en D profits

BY MICHAEL VAN OS

AMSTERDAM, June 17

VROOM EN DREESMANN (V en D), the large Dutch department stores chain, saw its net profits fall sharply in the year ended January 31, 1975. Pre-tax profits declined to Fls.27.6m. from Fls.46m. in the previous year, while net profits plummetted by some 60 per cent. to Fls.14.4m. (Fls.36m.) partly as a result of higher tax provisions. Sales, on the other hand, were up to Fls.2.06bn. (nearly Fls. 1.88bn.).

The V en D director said that the *sharp profit deterioration* was largely attributable to the slower growth of consumer spending, particularly in the second half of 1974. Other negative factors were the big rises in operating costs, notably energy, interest charges and wage costs, while a number of new branches were opened resulting in major running in costs.

The company said that expectations for the current year were not highly strung. Business in the first quarter was disappointing following the renewed major increase in wage costs as well as the insufficient recovery of sales, particularly in the non-food sector. That demand remained below expectation there was attributed to consumers' reduced purchasing power and their pessimism over the future.

The various negative developments will probably mean that neither the operating results nor net profits will be much above the 1974-75 level. Measures taken to improve profitability are not expected to take full effect this year and the same applies to acquisitions. V en D's operating results totalled Fls.124m. in 1974-75 against Fls.118m. the year before.

The privately-owned company, which first published its results in 1973, said that the first step had been made on the road to internationalisation following the pattern in the rest of the retail trade. It has brought virtually all its interests into a subsidiary, Vroom en Dreesmann Nederland, which is fully held by a company based in Glarus, Switzerland, called Retail Holding. The latter's capital is fully owned by the Vroom en Dreesmann concern.

Gelsenberg oil losses

BY NICHOLAS COLCHESTER

BONN, June 17.

GELSENBERG, the oil and energy company which has been merged with Veba, made a large loss on its oil business in 1974, the last year of its independence. Chairman Dr. Walter Cipa revealed at the balance sheet Press conference that Gelsenberg's interests in oil had generated a loss of DM70m. compared with a profit of DM130m. in 1973. This loss had so undermined the company's overall result that its dividend would be cut from DM5 to DM4 for each DM50 share.

Gelsenberg had an oil throughput last year of 6.5m. tons and made an operating loss of DM30 on each one of them. There was some compensation in profit on oil stocks but this was insufficient to make the oil business profitable. Without the stock profits the whole Gelsenberg concern would have made a loss of DM2.80 per share, instead of the profit that was finally realised of DM55m. or DM5.50 per share.

The profit was made in other parts of Gelsenberg's operations. A DM75m. profit was reported by the company's chemical business, DM5m. by electrical and nuclear power interests, and DM45m. on the trading side. The company's external turnover rose (without mineral oil tax) to DM6.82bn. compared with DM4.61bn. in 1973.

In the first five months of 1975 Gelsenberg suffered a 16.7 per cent. reduction in turnover to DM2.39bn. while the oil throughput declined by 12.1 per cent. to 2.37m. tons.

Renault successor named

By Rupert Cornwell

PARIS, June 17.

AFTER MONTHS of discussion and speculation, the French Government to-day agreed on the successor to M. Pierre Dreyfus in one of the country's key business posts, at the helm of the State-owned motor group, Renault.

The "new" man —if someone who has spent his entire 30 years in industry in the Renault group can be so called —is M. Bernard Vernier-Palliaz, president since 1970 of Renault's heavy and armoured vehicle subsidiary SAVIEM. Since last December he has also been chief executive of Berliet, merged with SAVIEM as part of the Citroen Peugeot deal.

The 57-year-old M. Vernier-Palliaz is unlikely to take up his new post until the end of this year, when M. Dreyfus' term of office expires. But his long experience with the company can only serve him well at a time when Renault, like the rest of the French car industry, is facing severe problems.

Quite apart from pressure on sales, the chief advantage in choosing M. Vernier-Palliaz, rather than a fancied outsider like M. Hugues d'Estoile from the Industry Ministry, is probably that a Renault-trained man will have a better chance of coping with any unrest in a company that is always one of France's most sensitive social barometers.

He will do well though to match his predecessor's record. As president of Renault M. Dreyfus has not only trod relatively successfully through this particular minefield, but built up the Frs.25bn. (£2.7bn.) group into one of Europe's best run car companies — not a bad argument, perhaps for nationalisation.

Thomson to maintain dividend

PARIS, June 17.

THOMSON-BRANDT will certainly maintain its dividend in 1975 — Frs.12.75 in 1974 — although it expects slightly lower net consolidated profits (Frs. 212.2m.) according to chairman Paul Richard.

He also expects the consolidated turnover to increase by 12 to 15 per cent. this year over 1974's Frs.3m.

Reuter

Exceptional items at Esselte

By William Dullforce

STOCKHOLM, June 17.

ESSELTE, the Swedish printing and publishing group, reports an operating profit, after depreciation and financial items, of Kr.75m. (£8.4m.) on a turnover of Kr.1.3bn. (£145m.) for the year ending March 31. The turnover is only slightly higher than that for the previous year, which included sales by a paper mill sold in April, 1974.

The operating result, which compares with Kr.42m. for the previous year, includes, however, Kr.30m. on the mill's account and prices gains of Kr.15m., counterbalanced by one-off costs of at least the same amount for the running down and start-up of units. An extraordinary income of Kr.208m. takes the pre-tax profit to Kr.283m., producing a net profit of Kr.193m. compared with Kr.13m. for the previous year.

The Board proposes to raise the dividend from Kr.10 to Kr.11.50 per share and to make a bonus issue of two-for-three, raising the equity from Kr.130m. to Kr.217m.

Thyssen DM.50m. loan

AUGUST THYSSEN HUETTE has raised DM50m. in a private placing of 8.25 per cent. seven-year loan notes at par with Deutsche bank and Dresdner bank.

In April, the German steel company raised another DM50m. marks in 8.5 per cent., seven-year loan notes at 99.5 per cent. to yield 8.6 per cent. with the same German banks.

AP/DJ

Federale Volksbeleggings to deconsolidate stakes

JOHANNESBURG, June 17.

FEDERALE Volksbeleggings will discontinue financial consolidations with Federale Mynbou Beperk and General Mining and Finance, chairman P. E. Rousseau told the annual meeting.

He said in terms of the company's long-term capital planning, Fed Volks did not participate fully in the recent rights issue of shares by Federale Mynbou Beperk.

As a result, the company's effective shareholding in General Mining Finance is now just under 17 per cent., compared with slightly more than 18 per cent. at December 31, 1974.

Mr. Rousseau said deconsolidation will have no effect on the distributable profits or on the dividend income of the company. Because the company does not currently use the equity method of accounting, however, consolidated earnings will show a decrease.

Mr. Rousseau said this is an accounting concept and will have no effect on Fed Volks' cash income.

It is anticipated that dividends declared by the company during 1975 will be higher than the 17 cents per share in 1974. Taxed profit in 1974 was 2,112,000 R2.1m.

Mr. Rousseau also said that through a series of shareholdings, the company held controlling interests in both Federale Mynbou and General Mining and Finance.

In terms of the Companies Act, the financial results and assets and liabilities of these companies were consolidated with those of Fed Volks in its accounts.

Reuter

Company Results

Kubota's margins improve

● Kubota's after-tax profits for the six months ended April 30 were Y10.6bn. (Y8.5bn. in preceding term). Gross sales were Y211.8bn. (Y212.9bn.) and the dividend is unchanged at Y3.75.

● Union Pacific expects second quarter earnings to be clearly better than the first quarter outcome but not up to the all-time high level of last year's second quarter, according to James H. Evans, Union Pacific President. Mr. Evans was discussing the performance and prospects of the Corporation's transportation and natural resources businesses.

Carloadings, year-to-date, are still apparently down by 17 per cent. and this represents only a slight improvement, compared with a 20 per cent. decline in carloadings experienced in the first quarter.

In the second half of the year, Mr. Evans foresaw further improvements on the first half, because of increased earnings from the natural resources businesses and the just-announced 5 per cent. freight rate increase. Union Pacific's prospects for the long range remain very good, though a slow recovery for the economy in 1975 is anticipated.

The Corporation is maintaining a high level of capital expenditure. It expects to invest $420m. in 1975—the highest amount in its history.

Union Pacific has a strong cash flow, totalling more than $300m. in 1974. The importance of Union Pacific's low debt-to-capitalisation ratio, which, at 22.3 per cent., was the lowest among transportation holding companies at the end of 1974, was emphasised. This low ratio placed Union Pacific in a strong position for long-term borrowing.

Union Pacific's financing programme for 1975 calls for $290m. The Corporation has issued $100m. of loan notes at 8.00 per cent. and $75m. in equipment trust certificates at borrowing costs ranging between 7.90 to 8.61 per cent.; it plans to be back in the market for another $115m.—largely in equipment trust certificates.

● Occidental Petroleum's preliminary results for the five months ended May 31, 1975, show that net income was approximately 18 per cent. less than in the first five months of 1974. The shortfall was primarily because of declines in foreign oil and gas operations (which resulted in losses for Occidental's overall oil and gas operations) and also because of increased domestic income taxes. Although coal and chemical operations during the first five months of 1975 outperformed the comparable 1974 period, increases in net income here did not offset the declines in Occidental's oil and gas operations.

● Reynolds Metals has reported first quarter net profits of $11.4m., or 61 cents per common share. This compares with $15.6m., or 86 cents a share in the first quarter of last year.

Sales for the first quarter were $379m. compared with $437m. a year earlier. Tonnage shipments were 205,700 tons, compared with 385,400 tons in the same 1974 period.

At its annual meeting on April 16, Reynolds announced that determination of its operating results for the first quarter were being delayed by negotiations taking place in Hamburg. Continuing negotiations with Hamburg for a restructuring of Reynolds investment indicate considerable progress. Cumulative provisions for losses to December 31, 1974, should be sufficient to cover the Reynolds Hamburg group financial exposure.

● Walter Kidde has declared a quarterly cash dividend of $0.20 per share on Common stock, to be paid June 30, 1975.

Kidde has also approved the previously announced terms for the merger of LCA, an 81 per cent.-owned subsidiary, into Kidde. Kidde will exchange one share of its $4.00 Series B Convertible Cumulative Preference shares for every five shares of LCA Common stock, or a total of 382,620 Preference shares for the 1.9m. LCA Common shares not owned by Kidde.

● Toronto-Dominion Bank has declared a dividend for the quarter ending July 31, 1975 at the rate of $C0.35 per fully paid share, payable on or after August 1, 1975.

● Plate Glass and Shatterprufe's taxed profits were R9.9m. (R9.3m.) for the year ended March 31. The final dividend is 19 cents (same), making 30 cents (same) in all. Profits before tax were R16.8m. (R15.9m.) and tax R5.9m. (R5.7m.). Earnings per share were 64.7 cents (65.0 cents).

Prospects for the short term are not particularly encouraging but within the present economic situation, a successful performance should continue to be achieved.

Pilkington Brothers of the U.K. has about 10 per cent. of the capital.

● Kali-Chemie will have to cut potash production due to lower demand on the world market. Group parent company gross income in the first five months of this year fell 2.5 per cent. to DM163m., while subsidiaries' gross income rose 2.5 per cent. to DM208m. Price rises made last year were effective for only a part of the first 1974 five months. Kali is a subsidiary of Solvay's German unit, Deutsche Solvay-Werke.

● Jamaica Public Service has stated that no quarterly dividend will be paid on July 1.

Other News

Kansai plans rights issue

● Kansai Electric Power Co. said that it plans to make a 25 per cent. rights issue. Shareholders can purchase one new share for each four held. The offer price is Y400 (par value Y500) per share. Applications will be accepted October 8-20, with payments due October 31.

East Asiatic Rubber Estates Ltd. has called an extraordinary general meeting for June 27 to approve a capital repayment to shareholders of 2½ pence per share. This comes after the company's transfer of residence to Malaysia from the U.K.

The repayment, totalling £200,000 would be made from surplus funds of £341,500 arising from the disposal of U.K. investments.

East Asiatic also proposes to maintain the level of its authorised capital by creating 8m. shares of 2½ pence each, "to preserve the benefit of capital duty already paid."

"The shares have been reclassified as foreign currency securities, following transfer of residence. Many shareholders resident in the U.K. will therefore be eligible to receive the benefit of 75 per cent. of the investment currency premium on the repayment of capital, even though repayment will be in sterling, it said.

● Hutchison Financial is to reorganise its capital structure. The present $HK175m. capital, divided into 35m. $HK5 nominal shares, will be reduced to $HK105m. by cutting the nominal value of the shares to $HK3. After the reduction, Hutchison proposes to increase its capital to $HK174m. by creating 23m. New $HK3 nominal shares.

Hutchison Financial is a subsidiary of Hutchison International, formerly called Slater Walker *Overseas Investments. It changed* its name to Hutchison Financial on May 2.

● Schlumberger announces that, subject to satisfactory market conditions, it contemplates filing a registration statement with the U.S. Securities and Exchange Commission in July for an offering of approximately 2m. new shares of its common stock.

● Groupement Interprofessionnel Financiere Antipollution plans to float a domestic market loan of around Frs.180m. on June 23, according to bond market sources. The loan's coupon will be finalised nearer the date of issue, but it is expected to be around 11.30 per cent.

● Carrier Corporation the world's leading manufacturer of air conditioning equipment, has acquired a majority stake in Société de Constructions Aérauliques, a new company established in Gravigny, France, to manufacture variable volume and induction air terminals. A minority interest in the new company will be retained by Haden-Carrier.

● Banque Nationale de Paris is launching a Frs.300m. loan made up of 300,000 bonds of Frs.1,000 each, at 11.30 per cent. for 15 years. The first year's interest will be paid on June 23, 1976.

● Commerzbank has floated a DM50m. 8 per cent. seven year loan at par to refinance long term credits to medium sized firms. An earlier Commerzbank DM50m. 8 per cent. six year loan at par issued in mid-May was fully placed.

Second SDR bo[...] goes well

By Michael Blanden

ANOTHER important [...] has been achieved [...] second Eurobond [...] nominated in Inter[...] Monetary Fund special [...] ing rights handled by [...] Suisse White Weld.

The amount of the [...] Sveriges Investerings Aktiebolag (the Swed[...] vestment bank) has [...] creased from SDR's[...] SDR's40m., and the [...] date has been brought [...] from next Monday to [...] morrow (Thursday).

The bonds are to [...] per cent. coupon as [...] and to be issued at par [...] managers report that [...] like its predecessor [...] Alusuisse, has brought [...] strong interest. It [...] decided to settle the te[...] in order to end uncert[...] the market.

The result could [...] portant for the future [...] SDR Eurobond market [...] Swedish issue has [...] without any OPEC [...] tion in the management [...] and it is reported that [...] has again been strong [...] from Switzerland. The [...] are the same as for Al[...] though the Swedish bond [...] seven rather than five [...] (though with an avera[...] of 5½ years).

The result could [...] both the managers and [...] banks to undertake [...] SDR issues and is exp[...] with longer dates.

★

BRUSSELS, Ju[...]

The Republic of [...] floating a 20m. unit of [...] 9½ per cent., seven ye[...] Kredietbank NV [...] the loan would be fi[...] light of market [...] Lists open to-day and [...] June 27.

★

The Municipal [...] Authority of British [...] is floating a $Can.[...] cent seven year [...] market sources said. [...]

Lead manager is Cré[...] mercial de France. [...] expected later.

Reuter

Boral offer for Cyclone

SYDNEY, J[...]

BORAL SAID it intend[...] an offer for all the issu[...] of Cyclone of Australia [...] *does not already own.*

Boral is offering $A1.[...] for each Cyclone [...] share and either [...] cent shares in Boral [...] 10 Cyclone *Ordinary* [...] $A1.90 cash for one [...] Ordinary share.

It is intended to exp[...] steel mills group into [...] states and produce a w[...] of products for mark[...] Australia.

So the logical course is [...] plement the operations [...] steel mills group with [...] By making the bid, B[...] not propose to break-up [...] but to develop its oper[...]

Reuter

● Georgia-Pacific said [...] for the second quarter [...] June 30 is expected to [...] $40m., compared with [...] restated net profit of [...] year earlier. Sales for the [...] quarter are expected to [...] $600m., compared with [...] $476m. in the 1975 first [...] up about 25 per cent.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	92	93
Austrasvise 8pc 1987	91	92
BFCE 8pc 1989	98	99
Borregaard 8¼pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1986	96	97
Consd. Foods 7½pc 1991	87½	88½
Cutler Hammer 8pc 1987	92	93
EIB 9½pc 1983	101½	102½
Esso 8pc 1980	95	96
General Cable 8½pc 1987	89	90
General Motors 8½pc 1986	102	103
GTE 8½pc 1986	97½	98½
ICI 7½pc 1992	77	78
Nat. Grindlays 7½pc 1987	77	79
Pacific Light 8pc 1988	91½	92½
Prov. of Quebec 7½pc 1988	88½	89½
Quebec Hydro 8½pc 1989	97½	98½
Queensland 8½pc 1987	88	89
Scanraff 8½pc 1988	95½	96½
Shell 8pc 1986	96½	97½
Stand. Oil (Inc.) 8½pc 1988	99	100
Tenneco 7½pc 1987	87	88
Transocean 8pc 1986	98	99
TRW 8½pc 1986	96	97
Utah 8pc 1987	93	94
Volvo 9½pc 1985	99	100
NOTES		
Air France 8½pc 1980	102	103
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 7½pc 1978	97	98
Cie Nil. du Rhone 10pc '82	103	104
Du Pont 7½pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	101	102
Marubeni 9½pc 1982	101½	102½
Nippon Fudosan 10½pc 1981	103½	104½
Skand. Enskilda 10½pc 1981	103½	104½
Tenneco 7½pc 1978	88	98
Tokyo Curacao 10½pc 1981	103	104

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	85	87
Ashland 5pc 1988	81	83½
Beatrice Foods 4¼pc 1992	93	95
Beatrice Foods 4½pc 1992	103	105
Borden 5pc 1992	88	90
Broadway Hale 4½pc 1987	72	74
Canon Camera 7½pc 1989	93	95
Carnation 4pc 1987	88	90
Chevron 5pc 1988	102	104
Dart 4½pc 1987	88	90
Eastman Kodak 4½pc 1988	113	115
Economic Labs. 4½pc 1987	81	83
Eidai 7½pc 1989	99	101
Ford 6pc 1988	82	84
Ford 5pc 1988	74	76
Fuji 6½pc 1985	108	
General Electric 4¼pc 1987	84	86
Gillette 4½pc 1987	80	82
Gould 5pc 1987	81	83
Halliburton 4½pc 1987	128	130
Harris 5pc 1992	66	68
Hitachi 6½pc 1984	105	107
Honeywell 6pc 1986	76	78
ITT 4½pc 1987	64	66
Komatsu 6½pc 1984	172	
J. Ray McDermott 4¾pc '87	144½	146½
Mitsui 8½pc 1989	147	
J. P. Morgan 4¾pc 1987	124	126
Motorola 4½pc 1983	136	
Owens Illinois 4½pc 1987	83	85
J. C. Penney 4½pc 1987	82	84
Pioneer 8pc 1989	130	135
Rand Selection 6½pc 1988	100	104
Rank 4½pc 1983	43	45
Revlon 4½pc 1987	98	100
Sperry Rand 4¼pc 1987	98	100
Squibb 4½pc 1987	86	88
Toshiba 6½pc 1985	132	
Union Carbide 4½pc 1982	102	104
Warner Lambert 4½pc 1987	82	84
Warner Lambert 4½pc 1988	82	84
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

FINANCIAL TIMES SURVEY
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Offshore Investment Centres

The growth of offshore investment centres is an established feature of the international financial scene. The popular image of them as "tax havens" contains a large grain of truth, but they are also useful links in the flow of corporate funds. Some are emerging as major centres in their own right.

Role in world finance

By MICHAEL EDWARDES-KER

THIS SURVEY is about offshore investment centres. The term "offshore" does not necessarily have geographical connotations—it is used in this context to denote that various "onshore" restrictions such as tax or exchange controls are relaxed or perhaps totally non-existent in the centre concerned.

Nowadays an "offshore" financial centre in the broad sense of the word need not be a remote (but preferably tropical and sun-bleached) island, a picturesque European principality or a resurrected legal anomaly of a decaying empire. Although centres fulfilling these descriptions do exist and are useful, they are but a part of the offshore financial world, much of whose operations are carried out in the traditional financial centres of London, Zurich, New York, and Tokyo, and which have been joined, as indicated elsewhere in this survey, by Hong Kong, Singapore and Panama. Goodman, better known as Adam Smith of the Money Game and Super-Money, is reputed to have said: "The thing to remember about offshore is that offshore is the fortieth floor of Number 1 Wall Street," or it could have been the first floor of Number 40 Wall Street, or Threadneedle Street or Pitt Street—no matter.

But this is not to denigrate offshore financial centres which at the least fulfil a vital servicing role to the international financial community. Indeed one of the most interesting facets of the offshore world is *the emergence of some locations as financial centres in their own right. The classic example of this is Panama,* which has now quite outgrown its offshore origins to become a financial centre of international stature—the Switzerland of South America. Singapore has achieved similar prominence in the Asiadollar market through imaginative legal drafting and Government initiative.

Transactions

What are the essential characteristics of an offshore financial centre? Put another way, what factors should be considered in deciding in which centre to do business? The two pre-requisites are an absence of tax on the particular transactions considered (or a total absence of tax), and a similar freedom from exchange control. (An adequate range of local entities is assumed). Note that there does not have to be *complete* absence of tax or exchange control, *but only* an absence of such restrictions in relation to the particular transactions in question. The Republic of Panama imposes a fairly substantial tax burden on its residents and on most of those persons doing business there but it is the fact that no tax is imposed on foreign source profits that accounts for Panamanian companies' popularity.

Inclusion within the sterling area did not affect the attraction of Bermuda and the Bahamas *to non-residents of the sterling area—they* could apply to be exempt from the restrictions normally imposed on Sterling Area residents. Similarly the Channel Islands' inclusion within the present redefined sterling area has not noticeably affected its ability to attract international business. Again non-residents of the (redefined) sterling area can be virtually exempted from the Bank of England constraints normally imposed on U.K. residents.

But the mere fact that no tax or exchange control restrictions exist in the offshore financial centre concerned does not of course mean that the use of such a centre will eliminate the user's tax and exchange control problems.

Take, for instance, an international company setting up a subsidiary in a low tax territory. It may be able to arrange for part of its profits to be generated in or diverted to those territories, to reduce or at least postpone tax liability. Such an operation is subject to attack *from at least three directions.*

First, provisions can exist to prevent the setting up of the offshore company in the first place. This can be done either by exchange control or by tax rules prohibiting the transfer of various assets or imposing a penalty on certain types of corporate re-organisation. These rules are more likely to prevent the transfer of existing activities than the setting up of new ventures.

Secondly, the country of source of the income being diverted will try to protect its tax base from erosion. It may seek to assess the offshore company on its locally derived profits on the grounds that it is carrying on business through a permanent establishment or dependent agents within its boundaries. This country may also seek to adjust profits in respect of transactions between a local (and fully taxable) operating company and the offshore company.

The third attack could come in the country of residence of *the shareholders in the offshore* company, be they corporate or individuals. Some countries, such as the U.S., will tax the shareholders on their share of the profits arising to the offshore company even though these are not in fact distributed to the shareholders. Others may seek to attack the offshore company as a sham or argue that it is really "controlled and managed" in their jurisdiction and not where it is incorporated.

Many countries, such as the U.K., use exchange control regulations which can force the repatriation of profits or compel the liquidation of the company.

But assuming these hurdles are overcome and given an effective absence of tax or exchange control in the offshore centre what factors should influence the user's choice between various tax havens?

There is no simple answer to this question. All will depend upon the facts of a particular case. But one should certainly consider the reasons which led to a country becoming an offshore investment centre. This may indicate the likelihood of any changes in such status. *Inherent in such an assessment* will be the vital questions of political stability. The world is littered with countries which in their hey-day were renowned offshore financial centres. Tangier will not enter into anyone's current list—nor, until the oil crisis, would the Lebanon, both favourites a decade ago.

But such an analysis will serve to pinpoint for how long the predicated absence of tax and exchange controls is likely to continue in the future. This will be critical if any assets are located in the offshore investment centre, although the importance attached to political stability can be exaggerated where no cash or assets are located in the centre concerned.

A study of the centre's history and present level of business can also help in deciding which centre is likely to be most suitable operationally in this area there is no replacement for experience. The two main *factors contributing to operational success will be the quality* of the advisers/staff available *locally and the quality of com*munications between the centre and the outside world.

There is seldom a problem in any offshore financial centre in obtaining first class local advice—all centres have individuals who would be regarded as intelligent, successful and efficient in any financial centre. The problem lies down the line: it may be far less easy to be sure that a certain sum of money will be sent promptly, that all local formalities are correctly complied with in time, and that routine tasks are adequately and efficiently performed. The "best" offshore financial centre is not the one with the best lawyers, accountants or bankers, but the one with the best managing clerks.

Linked to the importance of high calibre local staff will be good communications and access (especially important in these expensive-energy days). All too frequently in offshore financial centre operations things have to be done at the last minute. It may be too much to expect local lawyers, accountants or bankers to draft complicated legal documents. In order to be able to communicate essential details to the offshore centre concerned, efficient telephone and telex lines, plus easy accessibility by public transport and frequent and regular mail services, are essential.

Linked to the question of local efficiency will, of course, be the question of costs. International *finance* and tax is an expensive business: it is a false economy to go to the *"cheapest" centre. The ensuing* administrative delays or mistakes will result in far greater expense than had a more expensive centre been chosen in the first place. But this is not an argument for going to the most expensive centre. A small businessman paying high fee may still find his affairs neglected there in favour of larger clients.

Expansion

The ever-increasing self-generating growth of tax-free economy, coupled with the huge transfer of wealth to the untaxed Middle Easterners, is likely to ensure continued expansion in the offshore world despite a recent slowdown in line with the lack of economic growth in developed countries. This is prompting countries other than those considered in this survey to join the offshore "club" frequently without understanding what it takes to attract business. The number of "no tax" offshore centres of one description now well exceeds 20.

This is leading to increased competition—and is also likely to lead to a fall off in business in those centres not providing out of the ordinary services—to the point where only to those centres with obvious advantages in terms of location, communications, financial infrastructure, stability, or well-drafted legislation does the future look profitable.

OFFSHORE INVESTMENT CENTRES II

Ebb and flow in the Caribbean

THE TWO MAJOR Caribbean offshore centres have escaped the worst effects of the world-wide recession and both places report a steady if unspectacular growth in the business which is attracted to them from many parts of the world. Meanwhile Panama is establishing itself as a major Central American off-shore centre.

The Bahamas, despite growing unemployment and a downturn in the hotel and tourist industry, is still in a stronger position than two years ago, just before independence. The confidence that began to return about a year ago shows no signs of ebbing and, although many bankers concede that a good deal of work has been lost in the past four years, most observers believe that at least some of it is now returning to Nassau.

Apart from the relaxation of work permit controls introduced by the Pindling Government and the general lessening of tension following independence, the continued strength of the Bahamas owes much to its geographical location. Its good air connections and its excellent telecommunications links with the U.S.

As the cost of doing business in, say, London has climbed in the past five years a number of smaller American banks have placed increasing emphasis on the Bahamas as a base for their offshore operations because it offers a relatively cheap location in the same time zone as the parent bank and with direct dialling between headquarters and Nassau.

But the myriad trust companies and banks in the Bahamas realised some time ago that to guarantee their continuing health they would have to look beyond North America for their clients, particularly after new U.K. business effectively came to an end after the demise of the sterling area.

New business has been attracted from South America, Europe and the Middle and Far East with some success, but even so at least one major institution has recently indicated privately that although business has doubled, it is still scarcely more than half what it was three and a half years ago.

Transferred

The problems that the Bahamas faced in the early '70s certainly worked to the advantage of the Cayman Islands, the other major offshore centre in the area. A good deal of trust and offshore business was quietly transferred to the Caymans, a diminutive British colony whose only other "industry" is turtle rearing.

As a Crown Colony, the Caymans were felt then to have a stability that the Bahamas seemed to be losing. In the past four years George Town, the capital, has been expanding rapidly, with new bank buildings on almost every corner. There are now some 170 banks and trust companies and over 5,000 registered companies in the colony and the number is growing all the time.

But the Caymans is not as fortunate in its transport links as the Bahamas and the fact that the land area is so small and the population not much more than 11,000 has led to a slight feeling of claustrophobia among some of the expatriates who have gone out there.

Both the Bahamas and the Caymans have tightened up their controls in recent years and the bank failures and other irregularities once particularly associated with the Bahamas are now largely a thing of the past. In the Bahamas there is now a very well run Central Bank which has made a very significant contribution to the development of the Bahamas as an international financial centre.

Under the regulatory provisions of the Central Bank Act every commercial bank has to comply with certain minimum deposit requirements and the country's new Financial Institutions Act is aimed at enlarging the authority of the Central Bank so as to permit it, once a bank licence has been revoked, to move for immediate nomination of a receiver to protect the assets.

In the Caymans, which last autumn experienced its first serious bank failure when the privately owned Interbank Group failed, there was also fairly tight controls. Mr. Vassall Johnson, the Financial Secretary, takes care to weed out "undesirable banks" and more than 20 banking licence applications have been refused. Interbank's collapse did jolt the island, particularly as the bank was involved in the financing of a number of local projects, but it seems to have had no lasting effect.

Both the Bahamas and the Caymans have profited greatly in the past from the enormous expansion in Eurocurrency dealing. In the past offshore domicile for U.S. banks greatly facilitated their transactions in this field, but there is a growing feeling in some quarters that as Federal Reserve Board restrictions become more flexible the appeal of offshore centres may come to an end.

But both in the Bahamas and the Caymans it is felt that, even if this should occur, it is bound to be a slow process conditioned by the growth of the petrodollar market and the natural years of the financial community that any regulation that can be removed can also be re-imposed.

In any case, "shell" operations, like some of those involved in the Eurodollar market, tend to maintain very small staffs, with much of the management work being done on a contract basis by local banks or trust companies. The impact of their departure, therefore, is likely to be felt principally in the loss of licence and management fees.

Worst over

Besides the two major offshore centres, Bermuda is still attracting a steady flow of business and the Netherlands Antilles also has a fair amount of offshore business, mostly from North America, with what one banker described as a "trickle" from Holland. Curacao, and to a lesser extent Aruba, have, according to most observers, felt the effect of the North American downturn, but are hoping that the worst of it is over.

Barbados and Montserrat, which both have fairly liberal laws aimed at encouraging foreign-owned international businesses, are scarcely "tax havens" in the accepted sense of the word, but a number of companies have been interested in their legislation in the past and might be so again. The British Virgin Islands is also establishing itself as an offshore centre and reports from there indicate that business is also growing.

Beyond the Caribbean, a notable growth area in the offshore field has been Panama, where there are now some 44 banks, an increase of twelve in the past year alone. Most come from the U.S. but seven are from Switzerland and six from Colombia.

The first three Venezuelan banks opened offices last year, and some money has been attracted from Ecuador, but although Panama aspires to be a "Latin" dollar centre, until now it has mainly fulfilled the role of a Latin American branch of the Eurodollar market, channelling money on its way in and out of the continent. This may alter and certainly should diminish following a recent change in banking regulations which allows inter-bank deposits to take place without a legal deposit being made with the Government.

Effectively this means that exclusively offshore banks can now deposit funds in banks with general licences at no cost to either. This, in turn, means that offshore banks can now open subsidiaries and need not form their own banks and seems likely to encourage new institutions to come to Panama.

Yet the original reasons for Panama's growth, both financial and non-financial, are probably what attract most new business. As in some other centres, banks have freedom to do whatever business they choose, tax is only levied on domestic profits, there are no exchange controls and there is no central bank. The U.S. dollar is legal tender, deposits can be made in any currency and numbered accounts are permitted.

Equally the country is well situated at the junction of North and South America, with good air, sea, telephone and telex links. In addition, it has experienced seven years of economic growth accompanied by political stability.

Besides the established offshore centres there have been rumours from time to time that other countries were planning to turn themselves into tax havens to attract sorely needed new investment. The most notable of these concerned Grenada, which last year indicated that it was seriously considering becoming a tax haven, but so far nothing appears to have come of this.

For the existing offshore centres in the area fresh competition will not be very welcome. They are already having to compete quite hard for business with offshore centres in other parts of the world, not to mention rivals closer to home.

Nevertheless, at the moment most observers see a fairly secure future ahead for the major centres. The Bahamas might again be adversely affected if there were to be political instability and the Government is certainly coming under pressure in Nassau to counter the effects of growing unemployment in the tourist industry—which, combined with the fact that so much of the country's population is aged under 30, could cause serious difficulties.

In the Caymans, where much of recent growth has been haphazard, there is need for a good deal of infrastructural investment in better schools, medical facilities and housing if there are not to be at least rumblings of discontent from Caymanians who resent the way their island is changing.

Yet as the U.S. pulls itself gradually out of the recession and as increasing amounts of business are attracted from new markets, it seems likely that the existing centres will not have very much to complain about and only the most pessimistic believe that they will not still be in a sound position in a year's time.

David Bell

Their appeal for the individual

"NO MAN in this country is under the smallest obligation, moral or other, so to arrange his legal relations to his business or property as to enable the Inland Revenue to put the largest possible shovel into his stores." Any international tax adviser worth his salt will recognise this famous comment made by Lord Clyde. His advice is as timely now as it was when he gave it—50 years ago.

Since then, judicial attitudes have hardened considerably, and over the last few years nearly all European countries, the U.S. and Canada have brought in tougher controls over their residents' offshore business. At the same time the burden of taxation has got heavier. Income taxes have generally been rising faster than wages and salaries in most European countries over the last decade. Against this background it is not surprising that private individuals are looking increasingly closely at ways of reducing, or deferring, their tax liabilities by utilising the services of offshore investment centres where the levels of taxation are considerably lower.

Basically there are three major reasons why an individual uses an offshore investment centre. First, it offers opportunities to avoid or defer income and capital gains tax and estate duty. Secondly, such centres can sometimes insulate a person's wealth from onerous foreign exchange restrictions thereby giving an individual considerably more flexibility in managing his investments. Thirdly, wealthy residents of politically sensitive countries sometimes like to have their fortunes controlled from a safe offshore centre just in case they ever have to leave in a hurry.

Obstacle

For most people, however, the major obstacle to utilising the services and fiscal advantages of an offshore centre, is access. Most high-tax countries have put severe restrictions on their residents' use of such centres both by plugging tax avoidance loopholes and tightly enforcing foreign exchange controls. But there are still ways certain individuals can take advantage of offshore centres.

The first and most obvious way is to emigrate to an offshore centre. Famous personalities such as Tony Jacklin, Jackie Stewart and Sean Connery have chosen to do just that. By giving up U.K. domicile the aim is to escape, as far as possible, income and capital gains tax as well as estate duty. But there are drawbacks. Sun-drenched havens such as the Cayman Isles might be ideal for tax purposes but they are not ideal places to raise a family. Albania, for instance, has no income tax, but few people would consider moving there.

Emigrating sometimes means breaking family ties and in addition can be very expensive. Jersey, for example, generally insists that wealthy newcomers to the island pay at least £10,000 per annum in local tax, which implies an income of at least £50,000 per annum. A retired person living off unearned income would have to be well on the way to being a millionaire to qualify.

These days emigrating is not as easy a solution as it once seemed. Apart from the problem of where to go (Jersey limits itself to about 15 wealthy emigrés per annum at the moment), a growing number of tax authorities continue to chase their ex-citizens even after they have left the country for good. Americans are probably the hardest hit. Former U.S. citizens are still liable to U.S. tax ten years after leaving there. The U.K. tax authorities have widened their net recently also, and antagonised the Channel Isles as a result. Under the new Capital Transfer Tax (CTT), Britons moving to Jersey after the end of 1974 will be "deemed" to be still living in the U.K. for CTT purposes.

Emigrés, however, account for only a tiny part of private offshore business. Most persons using offshore centres very rarely visit them. Nevertheless the same incentives still apply to them as to the emigrés, that is to minimise, or defer as long as possible, tax and estate duty liabilities.

One of the commonest uses an individual has made of an offshore centre in the past has been to form some kind of trust. This might be used for numerous reasons such as to escape death duties, capital gains tax or set up an "offshore nest egg."

The idea is relatively simple. A wealthy person creates a trust and transfers all his assets to the trustee (usually a bank or trust company) based in a nil-tax or low-tax area. The trustees then take complete responsibility of the trust fund which accumulates income free of income tax and capital gains tax. The trust might have to pay witholding tax, however, in the centres where the income arises. The real problem occurs when the beneficiaries receive income from the fund. Depending on their tax position and domicile they then often become liable to income and capital gains tax.

Offshore investment centres also offer advantages to people such as senior executives of multi-national firms who spend much of their time abroad. In the case of U.K. nationals these advantages have been considerably lessened by the recent changes in the remittance basis treatment of certain types of income. In the past U.K. nationals who worked abroad were taxed on their foreign earnings which they had to remit to the U.K. for exchange control reasons. As long as these funds were left in an offshore centre in the scheduled territory, such as the Channel Isles, they incurred no U.K. tax liability. Consequently Jersey has built up a thriving business managing remittance basis income.

Retirement and emigration are other common reasons why individuals resort to offshore centres—they offer a convenient staging post when moving between different tax jurisdictions. An example might be a person who, having worked for a number of years in the U.S. where he has built up a share portfolio, decides to retire to the U.K. By leaving the U.S. he eliminates any future capital gains tax liability there but if he brings the assets into the U.K. he will be subject to U.K. tax on his income, capital gains tax on his profits, and Capital Transfer tax when he died.

Insulate

He could get round this by setting up a trust fund in an offshore centre which would postpone capital gains tax and insulate his assets from capital transfer tax. In addition if he picked somewhere like the Bahamas he would be able to maintain foreign exchange control freedom for his assets.

Another occasion when an offshore centre is often used is when a number of people of different nationalities do a business deal. The American and Dutch partners, for instance, are unlikely to want to pay U.K. profits tax and the U.K. partner will be unwilling to pay either U.S. or Dutch tax. In such circumstances the partners are most likely to set up a joint company in some offshore centre thereby postponing their tax liabilities until they remit profits to their respective countries.

For the ordinary U.K. tax payer working and living in Britain there really are no particular advantages in using an offshore centre under normal circumstances. For foreign exchange control reasons U.K. persons are limited to offshore centres in the scheduled territories namely the Isle of Man, the Channel Islands and Gibraltar. For most people emigration is a non-starter and the introduction of Capital Transfer Tax has severely curbed many of their other attractions. Offshore investment centres tend to be useful only to people with special tax situations.

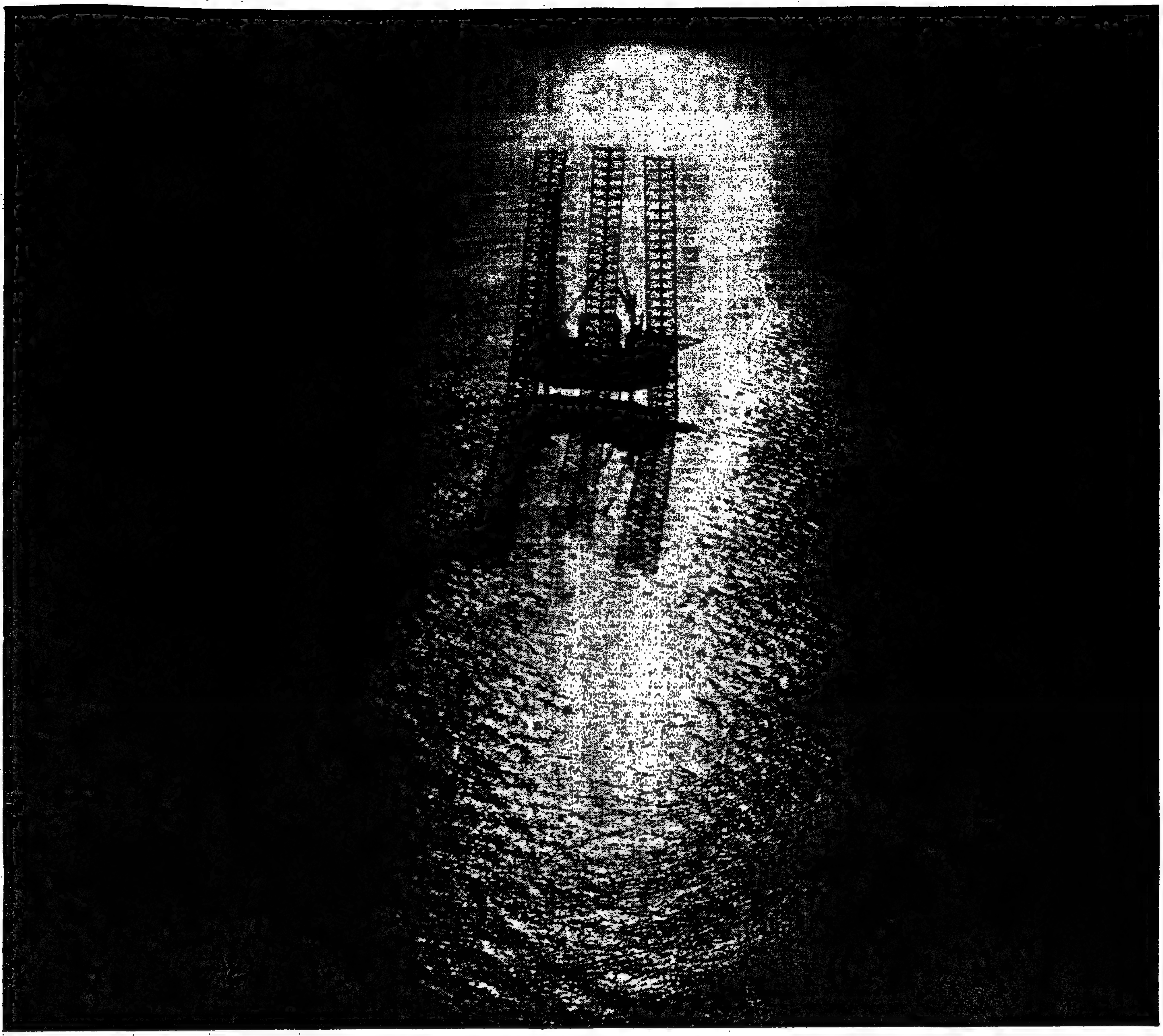
To the question "which country is the best offshore centre?", there is no easy answer. There is a tendency to rate offshore centres rather like restaurants in a good food guide. Depending on how wide a definition one uses there are between ten and 50 possible centres an individual can theoretically choose from, and everyone has their favourite. Some of them are a trifle bizarre. A couple of years ago, for instance, Minerva, a small coral reef near Fiji, was being canvassed as the world's first underwater tax haven but nothing has been heard of it since.

William Hall
The Banker

LOCAL TAXATION

	Income-tax	Death duties	Capital gains tax	Withholding tax (interest)	Principal tax treaties
Scheduled Territories					
Channel Islands	20%	—	—	—†	U.K.
Isle of Man	21.25%	—	—	—†	U.K.
Gibraltar	40%*	1%*	—	—†	—
Overseas Sterling area					
Bahamas	—	—	—	—	—
Bermuda	—	—	—	—	—
British Virgin Isles	3-12%	—	—	12%	‡
Cayman Isles	—	—	—	—	—
Honk Kong	130%	15%*	—	15%	—

* Maximum. † Applicable to non-residents only. ‡ Denmark, Japan, Norway, Sweden, Switzerland, and the U.S.



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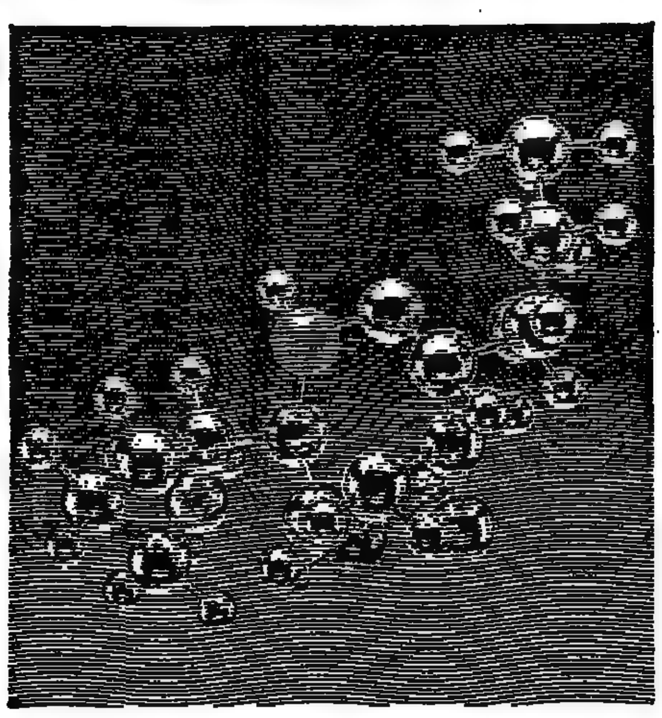

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Bankers incline to caution

LAST YEAR will surely be remembered as one of the most traumatic ever for offshore banking. The collapse of Herstatt and Franklin National, combined with news of the large foreign exchange losses at a few major banks last summer led to the most serious crisis of confidence in international banking since World War II.

Against a background of a constant stream of widespread and strident predictions of the imminent breakdown of the international financial system many banks drastically cut back their involvement in the ephemeral world of offshore banking. It is a mark of the resilience of the offshore markets that as winter approached, and the worst fears of international bankers failed to materialise, confidence recovered and business began to return to more normal levels.

Cutback

But the problems of 1974 have left their scars on the offshore banking community. According to the Bank for International Settlements (BIS) the gross size of the Eurocurrency market increased by only 14 per cent. in 1974 to \$220bn. This marked a sharp cutback on the 45 per cent. growth of the previous year. Much of it is explained by the sharp drop in inter-bank business in the aftermath of last summer's problems. Banks, such as the Italian and Japanese, which had been heavily involved in this sector, found they had to pay up to two percentage points above the LIBOR rate for funds and hence withdrew from the market.

The cutback in activity was concentrated in the third quarter of 1974 and was largely confined to the inter-bank market. Loans to non-bank borrowers continued to expand throughout most of the year. In fact medium-term syndicated lending increased from \$24.1bn. in 1973 to \$30.2bn. last year. In net terms the Eurocurrency market grew by about one third to \$177bn. If the offshore business of banks outside Europe is added in, the BIS estimates that altogether the total net size of the Eurocurrency market grew by \$55bn. in 1974 to \$210bn. The first quarter of 1975 has been characterised by a slightly slower growth in normal lending activity and a revival of inter-bank activity. At the end of March the BIS estimates that the net size of the Eurocurrency market amounted to \$220bn.

In the short term the crisis of confidence last summer had an important impact on the level of offshore activity but the huge increase in oil prices was far and away the most important influence on the offshore markets for most of the year. The impact of the higher oil prices was felt in two ways. First, around \$24bn. of the surplus oil revenues (approximately 40 per cent. of the total) was channelled through the Eurocurrency markets. Secondly, a number of European Governments were forced to borrow heavily in the offshore markets to finance their resulting balance of payments deficits. In the first six months of 1974 various official bodies borrowed \$16.5bn., almost all of which was earmarked for balance of payments purposes.

Taken together the sharply increased oil money flows and last summer's confidence crisis affected operators in the offshore market in a number of ways. Most visibly the repercussions could be seen in the sharp reduction in the number of banks actually engaged in offshore banking. Carlos Canal, head of the international side of Bankers Trust, estimated a few months ago that the number of banks actively engaged in the Eurocurrency markets fell from around 425 at the end of 1973 to no more than 50 at the end of last year.

For many people size signified safety. Internationally, the Arab oil sheikhs were prepared to deposit their petro-dollars only with a handful of top American and European banks. In addition, following the disclosure of serious foreign exchange losses by a few banks, and the problems of the U.S. real estate investment trusts and the U.K. property sector, many banks cut back their credit lines to smaller institutions. The net result was that many smaller banks, which had come to rely heavily on volatile inter-bank funds to support their offshore lending, found their source of funds had dried up. As a result they had no alternative but to cut back their own lending very considerably.

Among the banks hardest hit were the smaller U.S. regional banks which funded their offshore loans through Nassau "brass plate branches." Many of these were forced to curtail sharply their activity in the early autumn, and are only now beginning to re-enter the offshore market.

Confirm

U.S. Federal Reserve figures confirm this trend. U.S. banks' foreign branch assets in the Bahamas and Cayman Isles rose rapidly in the first half of 1974 from \$23.7bn. to \$31.2bn. in June. Since then they have fallen back and it was not until the end of the year that the June peak was passed.

Unlike the previous two years when smaller banks had made big inroads into the offshore market the biggest banks were left very much to their own devices last year and were able to pick up some very lucrative business. Banks such as First National City (which earns over 60 per cent. of its profits overseas), boosted their earnings significantly from offshore lending. By the autumn spreads on new business had improved markedly and the banks remaining in the market found themselves operating in a lenders market, for the first time for many months.

The accent on size was reflected equally in the offshore centres themselves, with the bigger centres gaining an increasing share of the total business. Middle Eastern investors favoured London to other offshore centres. The combination of traditional skills and a powerful central bank prepared to support ailing financial institutions if necessary, gave London a head start over competing offshore centres. According to the BIS, London increased its share of the gross Eurocurrency market from 47.2 per cent. to 50.6 per cent. last year.

London's natural advantages, however, were to a certain extent offset by the sharp drop in inter-bank activity, a very large part of which is based in London. American banks, for instance, cut back their business in this sphere very significantly. The result was that U.S. banks' foreign branch assets in London, which had increased by over \$10bn. in the first few months of 1974 and peaked at \$72bn. in May had fallen back to \$68.5bn. by the beginning of 1975. U.S. banks' London branches had cut back their inter-bank lending from \$37.9bn. in May, 1974, to \$32.1bn. by January, 1975.

Not all of this cutback can be attributed to the difficult conditions in the inter-bank market in 1974. Part of the reason for the drop in activity is that U.S. banks are now doing far more of their lending "onshore" as opposed to "offshore," following the removal of U.S. capital controls. Thus U.S. banks' foreign branch assets altogether grew by only 24 per cent in 1974 compared with 56 per cent, the year before. By comparison the rate of increase of U.S. banks' domestic-based foreign lending rose sharply from 29 per cent. in 1973 to 72 per cent. last year.

Undoubtedly some of the smaller offshore centres were hard hit by the cutback in offshore activity in the second half of 1974. The lack of a powerful central bank and the laxity of regulation in certain places led many international banks to concentrate their offshore business through larger centres. Small bank collapses in the Bahamas and the Caymans added to the nervousness. Size, familiarity and convenience were important in 1974.

Dearth

Despite these problems the level of activity in the smaller offshore centres held up well, as far as one can judge, and is now expanding again. Outside of Europe where the Bank of England and the BIS monitor the Eurocurrency markets, there is a dearth of information on the size of business in the smaller offshore centres. For the Bahamas and the Cayman Isles the U.S. Federal Reserve publishes monthly figures on U.S. banks' foreign branch activity which gives a good idea of the level of activity (assuming U.S. banks account for between 80-90 per cent. of the total offshore business in these areas). The other centre where some data is available on the size and growth of the market is Singapore. By the end of March 1974 the Singapore-based Asian dollar market had grown to \$10.9bn. Its rate of increase was considerably faster than that of the Eurocurrency market last year.

For the rest of the offshore centres there is only sketchy information. At the moment the only real source is the Bank of England's figures on U.K. banks' business with other offshore centres. It can be seen from these figures that London-based banks are net suppliers of funds to the Bahamas, Singapore and Panama. In contrast, Lebanon, Bermuda, Liberia and the Cayman Isles are important net suppliers of funds to London. These figures very much reflect inter-bank activity and the arbitrage of funds between various centres. They give little indication of the level of offshore lending to non-banks.

As to the future outlook for offshore business most bankers seem considerably more confident than they were six months ago. The growth of offshore activity is likely to be considerably slower than it was in the first half of 1974 but it will be more soundly based than before. The BIS commented in its recent annual report that the events of last summer have had on the whole a "salutary effect" on the development of the market.

Banks have become more risk-conscious and selective in their new loan business. The size of individual syndicated loans has been reduced and average maturities have become considerably shorter. While it was not unusual for banks to make loans in 1973/4 with 10-year terms, five-year maximum terms are now much more common. The margins on new business have increased sharply which should enable banks to build up adequate provision against future losses.

William Hall

Field of manoeuvre for the multinationals

ALTHOUGH it is a popular concept that offshore investment centres are chiefly used for personal tax avoidance, in practice their greater importance is to the tax planning of international companies.

The significance of these tax havens—low or nil tax areas as various as the Channel Islands, the Bahamas and the New Hebrides in the Pacific—to the arrangement of the affairs of the big multinational groups is however sometimes exaggerated.

It is true that the fact that activities of these corporate giants now span many countries—and that their aggregate resources run up to hundreds of billions of dollars—gives them considerable power to manoeuvre their funds, with exchange control and tax factors in mind.

Yet there is no question of their operating outside the purview of the main, more highly-taxed countries, based only on some little-taxed island haven. Practicalities concerned with communications, and links with suppliers and customers alone forbid that. The international companies are thus closely associated with larger and more highly-taxed nations, including particularly the U.S. and countries in Western Europe. And the Western nations' taxmen keep a close watch on their activities to enforce sustainable tax claims upon them in a way which greatly limits their ability to lighten their tax burden.

Indeed, anti-avoidance legislation has tended to be stepped up in recent years, during which the multinationals have increasingly become the butt of criticism for allegedly escaping total control by any individual national authority. In particular, the gradual movement towards greater harmonisation of tax measures among different countries, notably within the Common Market, has accelerated this trend.

Yet there is no doubt that many a large multinational company, operating in several countries, can gain some advantages by arranging particular transactions through offshore low-tax centres. Often the principal aim is, by taking transactions through such havens, to do no more than avoid double taxation which might otherwise accrue through differences in the tax levels of major countries, or the want of double taxation agreements between them. There are various possible ways of benefiting, by no means all of which may be available to, or used by, any given concern.

Transfer

For instance, when a group is producing and selling in a range of countries, one tax-saving arrangement can be to route products at modest prices, through a low-tax centre, the goods then being invoiced on to ultimate markets at higher prices. By "transfer pricing". In this way, considerable profits arise in the subsidiary of the group which operates in the tax haven, and attract little tax there. Revenue authorities in the country of origin of the goods can, however, be expected to scrutinise transactions involving supply through tax haven areas with special care for any unacceptable tax avoidance.

Another form of arrangement is for a multinational to channel payments due to it for royalties, services such as know-how, and interest, accruing to it from various sources to a subsidiary, or intermediate holding company, in a tax haven.

By "extracting" the maximum sums for this sort of service out of the member companies operating in high-tax nations to the group's arm in the tax haven, profit—and so high tax—is reduced in the former centre, while low-taxed profit is boosted in the latter.

In many cases, the primary concern of multinationals *vis-à-vis* tax havens seems to be to use them for avoiding double taxation by arranging foreign income so that the tax rate on it does not exceed that in their home country. In this way, excess overseas tax which cannot be offset against that at home may be avoided.

An American expert says: "Companies try to house income in a place which enables them to reduce overall tax on foreign income to a rate not in excess of that in the U.S. If there is a 50 per cent. corporate tax rate in the U.S. and if overall foreign tax is 60 per cent, there is 10 per cent. of the overseas burden which cannot be offset. The tax haven is used to bring down the rate to that applicable in the U.S."

It has to be borne in mind that, even if little-taxed income piles up in a multinational's subsidiary or intermediate holding company in a tax haven, the day must come when a dividend from it is paid to the parent in a more highly-taxed country, or the company may be wound up. In either event, tax is then levied on the parent company in its country of residence, on the dividend or any capital gain. Thus what has been achieved is a deferment of tax, rather than its complete avoidance.

This may, however, still be a worthwhile exercise for the multinational. The actual tax paid may be less than if matters had been otherwise arranged. And in any event, in times of high interest rates, there are gains from later payment and use of the cash meanwhile. Moreover, in inflationary conditions, there are advantages in paying later in cheaper pounds, dollars or whatever is the currency in question.

The fact that considerable balances do build up in them makes tax haven centres a source of considerable short-term investment of funds from them, the resultant income also attracting low tax. The Channel Islands, for example, have for some years been a rich source of cash for deployment in the money market. Cash held by deposit-taking institutions in Jersey at the end of 1973 was as high as £950m.

Offshore investment centres with low tax rates may also have further specialist uses to some multinational companies. Pension funds for the benefit of long-term expatriate employees are often managed from them to obtain the maximum advantages of low-tax investment, while certain insurance operations can be handled through them.

While some of the advantages of offshore centres may have diminished as fiscal authorities in leading countries have tightened their policies, in one financial context their usefulness has tended to increase.

This is in relation to Eurobond and certain other Eurocurrency borrowings by major international companies. Since offshore centres such as Nassau in the Bahamas, and Curacao, do not deduct withholding tax on interest payments, it has in many cases suited borrowing companies to make Eurobond issues through offshoots in these centres so that interest can be paid gross.

The community of international lenders has a taste for interest paid without tax deduction, so that tax arrangements are left to be settled between investors and their own fiscal authorities.

Until recently there was scope for companies operating in several countries to pay some remuneration to appropriate British-based staff and directors through overseas low-tax centres such as the Cayman Islands, as became well-publicised in the Lonrho affair of 1973. Recently, however, there has been a toughening of the law and 75 per cent. of directors' fees paid overseas is now charged to U.K. tax, whether the cash is brought home or not.

Use of offshore centres by multinationals is likely to remain a subject of keen interest to tax authorities in major countries. But it seems unlikely to cease to be a factor in these groups' operations so long as discrepancies in the tax rates and rules of different countries remain.

Margaret Reid

The Sterling Area

A DIVISION can be conveniently made between the "sterling area" investment centres and those centres located outside the U.K. exchange control net. Since January 1, 1974, the offshore financial centres within the U.K. exchange control net comprise the Channel Islands, Gibraltar, and the Isle of Man. There have been few major changes within the territories during the past few months, but certain events are worthy of mention.

In the Channel Islands attempts were *made to increase* the basic £300 a year flat rate of tax on "corporation tax" type companies, but in the event Jersey and Guernsey failed to move in unison and after a series of conflicting statements it proved impossible for both islands to raise the £300 rate of tax to £600. Accordingly the proposals were dropped.

The main talking point in the Channel Islands (and the Isle of Man) has been the hardening *in the attitude of the U.K. tax* authorities towards those islands. It has manifested itself in the enactment of Section 45 (1)(c) of the Finance Act 1975, commented on in more detail in the article by John Chown entitled "The Changing Scene." As indicated in that article Section 45(1)(c) will severely restrict the outflow of emigrants from the U.K. to the Channel Islands and the Isle of Man because they will be *deemed to have retained their* U.K. domicile for U.K. capital transfer tax (CTT) purposes regardless of the length of their stay in these islands.

Perspective

This legislation should be viewed in perspective. Because of excessive popularity, Jersey has been forced to restrict further this year's new housing licences to non-residents. A prior requirement was that £10,000 per annum tax be paid—now the number of successful applicants allowed for new housing licences is 15—all such applicants were expected to be millionaires. Since the enactment of the Finance Act U.K. domiciled millionaires are unlikely to retire to the Channel Islands.

There was much resentment in the Channel Islands and the Isle of Man at this so-called "discriminatory legislation" and there were threats that the islands would start selling their tax facilities more aggressively.

The Isle of Man has followed Jersey and Guernsey in introducing a flat rate tax on non-resident controlled companies. This is at a rate of £200 and was introduced under the Manx Company Registration Act.

Gibraltar has had communication problems, in early December 1974 no mail service was in operation—mail sorters and postmen had been laid off by the government following a two month wage "go-slow." Nevertheless initiative triumphed in certain cases and, somewhat ironically given Spain's attitude to Gibraltar, use was made of the Spanish postal system.

Other centres

ANDORRA remains an attractive location for those seeking to retire but has not yet made an impact as an offshore financial centre. There are rumours that legislation will be introduced to enable Andorra to develop in this direction.

Liechtenstein has been in the news recently with the announcement that part of the estate of the late Aristotle Onassis is to be managed by a Liechtenstein Foundation in memory of his only son Alexander, tragically killed in an air crash. More prosaically, the Liechtenstein Government proposed a rise in the coupon tax from 3 per cent. to 5 per cent.—this was defeated by a general referendum in the context of more widespread tax reform proposals. Nevertheless costs have still increased. The annual tax now totals Sw.Frs.1,000 per annum and the capital required for most Liechtenstein entities has been increased from Sw.Frs. 20,000 to Sw.Frs.30,000.

Malta cannot be seriously considered as an offshore investment centre at present—especially in view of Mr. Mintoff's recent statements in which he even expected the Catholic Church to start paying tax on its activities in Malta. But it remains quite popular for labour intensive light industry due to tax incentives normally given on a case-by-case basis.

The two Pacific offshore invesment centres considered in this survey are Nauru and the New Hebrides. Most of the business in these two islands came from Australia, but this has now come to an abrupt halt following the introduction of extensive anti-avoidance legislation by Australia's Labour Government. At present the main method used to prevent Australian residents setting up operations in these countries is a screening procedure under exchange control. Under present regulations the Federal Bank must obtain a clearance certificate from the tax authorities where certain transactions are to be carried out by Australian residents in certain named tax havens, including Nauru and the New Hebrides. Accordingly these centres will have to look for new areas of business, notably Japan.

Telex link

The main development of interest in the New Hebrides is the establishment of a Hong Kong telex link. This new circuit is supplementary to the link via Paris and Noumea and operates on weekdays from 2000 hours to 1100 hours GMT, which corresponds to the normal daylight hours in the New Hebrides. The next step to be taken shortly is to open a circuit round the clock. Political changes are also due to take place in the New Hebrides during 1975.

Although independence is not apparently envisaged in the foreseeable future, a degree of self-government will be achieved this year by the replacement of the present Advisory Council by an elected Representative Assembly. This assembly will have legislative powers and will be predominantly Melanesian. The financial community will be represented in the new Representative Assembly by dint of its participation in the local Chamber of Commerce, which will elect a total of eight members to the Assembly.

Other changes will be the introduction of a single system of criminal law (three exist at present!) based on the French penal code but enforced under the British penal system, the establishment of local councils and the adoption of one system of land tenure and registration applicable to all. Several systems of land tenure have existed in the past and this had led to bitter arguments between natives and expatriates.

The moves are designed to introduce democracy and to remove some of the problems that inevitably arise out of the triple-administration system established by the Anglo-French protocol. However it is envisaged that the two metropolitan powers will remain in firm overall control for years to come.

Hong Kong and Singapore

THE MAIN importance of Hong Kong and Singapore is as the rival financial centres of the Far East. There is now an important Asiadollar market paralleling the Eurodollar market. Indeed for practical *purposes the two markets are one.* An Asiadollar, like the Eurodollar, is simply a U.S. dollar deposited in a bank outside the U.S. The two markets have identical characteristics and any small interest rate differentials between them would be taken care of in the normal way by arbitrage.

Both jurisdictions impose tax. Singapore tax rates are comparable with those of industrialised countries, but there are a *number of specific exemptions* and tax holidays to encourage new business. Hong Kong levies tax at what was until recently effectively a 15 per cent. flat rate on income and profits arising in Hong Kong. Foreign source profits were exempt, but the domestic tax base was jealously guarded.

A small change was made in the last Hong Kong Budget: Hong Kong did not tax individuals on dividends received from Hong Kong companies on the grounds that these had already been taxed. It is proposed to introduce a modest additional burden on distributed profits from 1976. In the meantime the rate of tax on company profits is increased to 16½ per cent. although the rate on individuals remains at 15 per cent.

Depositors

Now let us look specifically at the Asia-dollar market. Banks in an offshore financial centre pay interest on deposits for non-residents and receive interest from non-residents. Any tax, at however small a rate, on the gross interest would completely kill the market. Depositors expect a yield clear of taxes and if they can obtain 10 per cent. tax free they will expect 11.1 per cent. if the interest is subject to a 10 per cent. withholding tax. As many governments have discovered, withholding tax on interest falls on the domestic *borrower* and not on the foreign *lender*. A bank which has to pay 11.1 per cent. gross when its foreign competitors are only paying 10 per cent. gross obviously cannot compete in the *international market.*

Penalties

Similarly any requirement, however modest, that a proportion of the funds be deposited with a central bank at a less than commercial rate of interest and any requirements to pay any form of insurance premium or deposit will kill a market. (Lebanon is bringing in legislation to remove these penalties at present imposed on Beirut banks.) In comparison a tax on net profits after expenses will not kill a market but may (compare London and Nassau) result in a certain amount of business being written by offshore branches.

Hong Kong *does* impose a 15 per cent. tax on interest and this precludes Hong Kong banks from actually taking part as principals in the Asiadollar market. However, this has not proved an obstacle to the growth of business thanks to the development of the "memorandum account" procedure. Banks in Hong Kong actually negotiate the business and take responsibility for borrowing and lending but arrange for the actual transactions to be written elsewhere, perhaps in London, Nassau or Singapore.

Singapore's solution to the *problem* was the introduction of the Asia Currency Unit or ACU. This is in effect a department of a Singapore bank (not necessarily or indeed usually a separate company) which is free to borrow and lend in any currency other than Singapore dollar. These deposits can be re-lent to non-residents, but the bank cannot transfer Singapore dollars to the ACU for onward lending in another currency, nor can it borrow foreign currency for transfer into Singapore dollars. An ACU department is taxed at a special rate of 10 per cent. on its profits.

Legislation in high tax countries

WITH THE exception of the small changes in Hong Kong company taxation discussed elsewhere, there has been few recent developments in the offshore financial centres themselves. This is hardly surprising as their livelihood depends on a stable and secure legal environment.

Residents of the high tax countries have been less fortunate. Changes in such countries inevitably have their repercussions on the flow of funds and of individuals abroad.

Canada is about to publish regulations on the taxation of Foreign Accrual Property Income. The concept of FAPI, originally introduced in the 1971 Tax Reform Act, is equivalent to the U.S. concept of Subpart F income flowing into a controlled *foreign* corporation. Certain income received *by Canadian-controlled foreign* corporations would be subject to Canadian taxation whether or not distributed. It now looks as though the Canadian Government intends shortly to activate this legislation. Another country which followed the earlier U.S. example was Germany.

Wrong side

The U.K. has introduced a Capital Transfer Tax (CTT) to take the place of estate duty. Although it is difficult to draw a firm dividing line between taxation (a necessary means of financing the modern State) and confiscation, most taxpayers and their advisers feel that CTT in the form and at the rates imposed is on the wrong side of this line. Taxpayer attitudes have to be seen in the context of a structure of income taxes and capital gains taxes which are the most severe in the world and which make no allowance for a rate of inflation now in excess of 25 per cent., and of the threat of the wealth tax. A specific aspect of the CTT legislation has a direct concern for the Channel Islands and the Isle of Man, and this is discussed below.

Ireland has introduced a capital gains tax, a capital acquisitions tax, and a wealth tax and, although the rates and rules of these look decidedly modest by U.K standards, they are frightening enough by absolute standards of good tax practice. There is certainly evidence of a growing resort to offshore solutions, including emigration. The 1974 Irish Budget contained provisions imposing tax on Irish residents who had "power to enjoy" the income of overseas companies or trusts. That legislation closely follows the provisions of Section 478 of the U.K. Taxes Act.

In the U.K. there has been a considerable tightening of the provisions by which the Inland Revenue can query transfer prices between associated companies and substitute arm's-length prices. Such provisions have long been on the Statute Book, as they have been in many other countries, but the new rules extend their scope and give the Revenue considerably greater powers of obtaining information. In addition to the general tightening up there are specific rules applying to oil companies which are already discriminated against on an international basis.

Although the general principle of such legislation is understandable and acceptable, there are two objectionable features here. The first is that the revenue will be entitled to demand information in regard to overseas companies which would not normally be available even to a shareholder in such a company. This attempt to extend the tax net to those outside the jurisdiction has unfortunately several precedents including the earlier attempt to extend tax liability to non-resident sub-contractors to the North Sea oil industry.

Serious

The other objectionable feature is that it will be specifically possible for the Revenue to disregard the price used for tax purposes in the other country involved in the transaction. It is one thing to insist on a full arm's length price being used for tax purposes where the transaction is with a tax haven affiliate. Serious problems of double taxation can arise where something is sold between associated companies in high tax countries at a price of $15 and for the country of residence of the selling company to treat the sale as being $20 for tax purposes without a corresponding adjustment being made in the *other country. Indeed, if the* other country pursues a similar policy it may decide that the right price for the purchase is $10 and the difference between $10 and $20 will thus fall to be taxed in *both* countries.

The only good news is that the Bank of England have somewhat relaxed their regulations governing the terms on which certain U.K. residents of foreign origin can obtain a "measure of exemption" in respect of their existing non-sterling assets. This facility will now be available to those holding British Passports whose centre of interest is in one of the old Commonwealth countries. In part this change was necessary following the break-up of the old sterling area, as it is now unreasonable to deny to an Australian privileges which were available to a German.

This is also a real relaxation in that the exemption now applies to all foreign currency assets (except gold) and is not confined to those denominated in the currency of the country of nationality of the individual concerned. Foreign nationals and those who can establish that their roots are outside the U.K. should take advice from their banks as to whether they can take advantage of the materially revised rules.

Finally the bad, indeed the worst, news—the concept of "deemed domicile" as it applies for U.K. capital transfer tax purposes. This means, apart from anything else, that those who change their domicile to one of the Channel Islands or to the Isle of Man will be treated, for the purposes of CTT, as if they continue to be domiciled in the U.K. for all time. There is an exemption for assets "created," for instance by the active exercise of a business after the move but this is no help to those who in the past have retired to one of these islands to protect their

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Watchful stance by governments

THE PROBLEMS of Governments and inter-Governmental organisations trying to restrict tax avoidance and the escape of potential investment funds to countries with low taxation fall into two distinct categories. One set of problems concerns their own residents. The other, larger and more difficult problems arise when the tax evasion is by a foreign multinational corporation.

An example of this dichotomy is Germany, the only West European country with an all-embracing anti-avoidance legislation against tax havens. This legislation deems all unearned income of companies situated in a tax haven to be the income of the German resident who owns such a company or is the beneficiary of its income. But the law, enacted in 1972, leaves completely untouched the bigger problem of multinational corporations with headquarters outside of Germany.

Similar anti-avoidance measures in Section 478 of the U.K. Income and Corporation Taxes Act 1970 do not apply to companies. Moreover, the great variety of devices possible under the law of trust severely restricts the effectiveness of British anti-avoidance measures. Of even greater importance is probably the judicial attitude which still gives greater weight to the form than to the substance of a transaction.

As recently as in 1943 Lord Simon said that though the *efforts of tax avoiders cannot* be regarded as a commendable exercise of ingenuity or as a discharge of the duties of good citizenship, "there is no doubt that they are within their legal rights." By 1973 the legal climate had substantially changed and the House of Lords was prepared to see as "a raid on the Treasury" the combined effect of several transactions which, when viewed separately, were completely within the law and as such would probably have been passed a few years earlier.

In view of this judicial development it seems only a question of time before the U.K. will adopt the approach usual on the Continent where the motive behind the transactions and the good faith of those who engage in them count more than the wording of the tax laws. Ultimately one can expect that the U.K. will accept the concept of "abuse of rights"—when advantage is taken of a statutory device for another purpose than for which it was designed.

In most Continental countries, and notably in France, transactions without some good commercial purpose will be dismissed *as an "abuse of rights."* Much the same sort of abuse would be seen in Holland if a tax-payer tried to use an unusual method instead of a more normal resulting in higher tax. Germany and Luxembourg also have provisions against the "abuse of forms and legal structures of civil law" and designed only as tax saving devices will not succeed.

The same concept underlies the Swiss methods against the abuse of double taxation treaties. A decree of the Federal Council of December 14, 1972, provides that the tax relief according to such treaties will be deemed improper if claimed by a Swiss resident for the direct or indirect benefit of persons not entitled to it by the treaty. For example a claim of tax relief under a double taxation treaty made by a Swiss company is abusive if persons not entitled to such tax relief have a direct or indirect participation in that company.

Because of the differences in the legal climate specific provisions following identical aims differ from country to country. The detailed provisions of Section 478 of the U.K. Income and Corporation *Tax Act 1970*, hits income transferred to persons abroad which the tax-payer can or will be able to enjoy in the future and it places the burden of proof that the transfer was not made for such a tax avoidance purpose squarely on the shoulders of the tax-payer.

Offence

Section 482 of the same Act makes it a criminal offence for a U.K. company to transfer its residence or any part of its business out of the U.K. without consent of the Treasury and Section 485 makes it advisable to keep transfer prices between associates at proper current market value. Also of importance are Sections 41 and 42 of Finance Act 1965, dealing with capital gains of non-U.K. resident companies and Section 45 of Finance Act 1975 introducing capital transfer tax.

Australia, New Zealand and South Africa achieve the same effect as U.K. legislation and possibly more by a simple blanket provis[illegible] which any tax avoiding arrangements are void as against the tax authorities while remaining valid for other purposes.

The U.S. legislation has special provisions against the individuals who within the past *ten years gave up U.S. citizenship* for the principal purpose of tax avoidance. The Treasury has to prove it is reasonable to believe that the loss of citizenship will result in the particular tax year in a substantial tax reduction. However, once this was established it is on the tax-payer to prove that his motive was not tax avoidance.

The German Foreign Tax Law of 1972 attributes income of foreign corporations controlled by shareholders resident in *Germany to these shareholders* if it is subjected abroad to an income tax of less than 30 per cent. computed according to the German Tax Law.

The French Finance Law of 1974 provides in Article 14 that interest, royalties, payment for services made by French residents to individuals or companies in tax havens cannot be deducted as expenses in tax returns unless the debtor establishes *that such expenses correspond* to real transactions and are neither abnormal or exaggerated. Similar provisions are included in the Belgian Tax Law which requires the tax-payer to prove that interest, royalties, etc., paid to a foreign holding company operating in a tax haven are made in connection with a genuine transaction and are within normal limits. The Belgian authorities take into account only such *transfers of capital and movable* property to a holding company in a tax haven only if it can be proved that the tax-payer received for these transfers their true value in a form producing a normal amount of taxable income.

This Belgian system is recommended by the EEC Commission which, however, has an ambivalent attitude to letter-box companies. It would like to remove tax evasion facilities distorting competition in the capital market but fears that drastic measures may only drive the letter-box companies away to safer havens without benefiting the taxmen of the member States. The Commission therefore proposes that only such steps should be taken which would have a parallel impact in respect of all tax havens and not only those within the Community.

The bigger problem of tax *evasion—and not tax evasion* alone—is a result of the confrontation on the one side of a centrally directed multinational corporation and on the other side of a multitude of tax administrations each following different economic purposes and employing different taxation methods. Tax rates range between 35 and 50 per cent. of profits but in addition there can be also great differences in the definitions of taxable income, in the principles governing tax jurisdiction and any allowance made for tax paid in other countries.

These differences in taxation are a strong inducement to allocate income as far as possible to subsidiaries and other associate companies in countries with lowest taxation. This is done by fixing transfer prices between associate companies so as to leave greatest profits *where the taxation burden is* smallest. Transfer prices will at the same time affect the involved country's foreign exchange position, its customs duty yields and on the share to which local partners of foreign subsidiaries are entitled.

The taxation problem of the multinationals is much easier to solve for countries which are mainly home countries to such multinationals. By adopting the principle of taxing worldwide profits of its multinational corporations and granting tax credits for any taxes paid by them abroad the U.S. can easily afford to forget about the tax haven problems in respect of multinationals as long as they are satisfied that these keep proper books in their headquarters.

The same behaviour of multinationals create a completely different situation for host countries. Difficulties of this *type were brought to a head in* Germany during the oil crisis when the Federal Government found itself helpless in the face of the oil majors' reluctance to disclose the basis for their transfer prices. Its price regulation and anti-trust moves were largely frustrated and this at the time was even more important than the syphoning of profits from Germany and the evasion of German taxes.

Forefront

For this reason Germany is in the forefront of efforts in the UN, the OECD, and the EEC to obtain some transparency of multinationals and some agreement on the rules governing transfer prices. Bonn proposed, for example, that the EEC Commission should establish a group of experts investigating the tax problems of multinational oil companies. Its long-term objective is to achieve a higher degree of practical co-operation with foreign tax administrations. The German Government intends to expand its network of legal assistance treaties and to intensify international co-operation whenever there is the suspicion that a multinational is transferring its profits to a low taxation country.

In addition to international co-operation there are a few things a country can do at home in order to improve its knowledge of the multinational operation. In one category of such domestic efforts falls the attempt by the U.S. Treasury to elaborate acceptable methods for determining the allocation of research costs—a matter of great importance in the Hoffman La Roche case now pending before the High Court.

Another category includes changes in disclosure legislation. Germany has rules which prevent government departments from using information obtained from companies for other purposes than that for which it was requested. It is now proposed in Germany that these restrictions should be lifted and that information obtained by one government department should be available also to other government departments—for example to the tax authorities trying to determine a proper level of transfer prices.

Some of the loudest criticisms of transfer pricing employed by the multinationals comes from developing countries, though their situation is different, and in some respects easier than that of a developed country like Germany. The activities of multinational corporations in a low density economy are fairly obvious and for that reason developing countries have tended to conclude with multinational corporations agreements concerning specific projects dealing not only with tax relief but also with convertibility of earnings and other matters. However, the tax holiday incentive granted by a developing country in order to attract investment can be easily frustrated by the worldwide profit taxing method adopted by the multinational's home country.

A. H. Hermann

The saga of offshore funds

TOWARDS the end of the *1960s* offshore investment funds seemed to be one of the world's great growth industries. How the great boom crashed, and the offshore fund movement became largely discredited by the disasters which beset mushrooming empires like IOS, Gramco and the Real Estate Fund of America is now a question for history. What matters still, however, is that offshore fund managements, though far from dead, have to work fairly hard to scratch a living in a generally hostile world.

The IOS crash, in particular, led to the setting up of controls by governments which seriously contracted the demand in the key European market for offshore investments. Funds tend to be subject to tight national regulations before they can be sold, seriously limiting the *scope for* general international appeal. And although the Middle Eastern market is still largely free from controls, the blow to consumer confidence was such that selling funds has been very much of an uphill task. The generally poor performance of most equity markets around the world in the past few years has also tended to dampen the enthusiasm of investors.

On the other hand, the amount of money earned by expatriates of various nationalities in low tax areas—of which the Middle East is probably the most important current example —has tended to increase with the growth of international job mobility; and the domestic tax policies of countries like the U.K. certainly I have not favured the immediate repatriation aured the immediate repatriation of such wealth. Moreover, offshore funds have certain advantages in the management of their portfolio compared with their counterparts domiciled in traditional financial centres.

The absence of capital gains tax, for instance, will improve *capital performance; even if the* investor himself eventually has to pay the tax, it will have stayed within the fund, producing a return, for the period of his investment. Income, meanwhile, will suffer only withholding tax (any local tax will be low or non-existent) so there will be more income to be rolled up with accumulator funds.

For British investors, too, the tricky question of the investment currency (or dollar) premium is also relevant. Funds run from the U.K. have for some years had to surrender 25 per cent. of the premium on sales of investments bought through the investment currency pool, and in 1974 this penalty was extended to important former sterling area countries like Australia and *South Africa. At times recently* this has amounted to a tax of over 10 per cent. on portfolio switching. Funds domiciled overseas do not, of course, suffer this switching penalty, although U.K. residents have to pay the premium when they buy into such funds, and lose the 25 per cent. when they eventually sell.

Buoyancy

The argument is by no means one-way here, however. The buoyancy of the premium itself, rising from 10 per cent., a couple of years ago to some 80 per cent. at one time recently, has given a substantial performance bonus even to the U.K.-domiciled international funds. And there are ways and means, through back to back loans, whereby U.K. unit trusts can avoid some of the problems of *the premium (and closed-end* investment trusts can borrow directly overseas). In practice, U.K. residents have been much heavier buyers of U.K.-domiciled international funds than the offshore variety.

In part, the lack of interest by U.K. investors in offshore funds may reflect the marketing situation — offshore funds are not allowed to advertise or otherwise solicit sales whereas, of course, British trusts can clamour directly for the investor's attention. Funds are allowed to advertise in some overseas areas, but reaching such a thinly spread market can be a difficult and expensive task.

It is perhaps inevitable that difficult communications should be a disadvantage of offshore funds. It is more comforting to an investor to know that he *can check up on his holding by* looking at quoted prices in his daily newspaper, or sort out problems through a telephone call, rather than have to cope with overseas mail. At the same time, nearby centres like Jersey do not suffer these snags to the same extent, and quite an extensive list of offshore fund prices is quoted daily in the Financial Times.

Buyers of offshore funds may have to cope with rather higher costs—whether the obvious ones like buying or selling and management charges, or dealing, legal and other costs which can be charged directly to the fund, and so can affect income or capital growth. On the other hand, there is no need to fear that money invested in offshore funds is in any way unsafe, even though local controls on managers may be less tight than, say, in the U.K. Many eminently respectable international investment houses run funds in all kinds of offshore centres, and investors dealing with these can assume the same kind of financial probity which would be normal in London or New York. The actual investment management of the funds is often in any case sub-contracted to experts in the main financial centres.

Basically, investors have the choice of sterling area and non-sterling area offshore funds. Funds domiciled in, say, the Channel Islands, have most of the tax advantages of further flung investments but still face the premium problem on their purchases of securities in the rest of the world. Non-sterling area centres popular with the U.K. fund management groups include Bermuda and the Cayman Islands.

Several of the U.K. groups—Save and Prosper and M. and G.—have also combined with other international houses in setting up Luxembourg based funds in the past year or two. But these have largely been designed to appeal to the Japanese market.

At any rate, investment interest is still there when the right kind of vehicle is devised. Only last year Slater Walker *started its Jersey Energy Trust* —specialising in the North American energy sector—which has quickly pulled in some £2m.

One complication is that offshore funds are denominated in a variety of currencies—for the non-sterling area trusts the currency is often the U.S. dollar, but it may be Bahamian dollars, or sometimes Swiss francs. This is largely a technicality, for the underlying securities may well be denominated in quite different currencies, but it is a point worth bearing in mind when performance figures are quoted. Obviously a fund will appear to have performed much better if its price is quoted in terms of a weak currency like sterling than in, for instance, strong Swiss francs.

Difficult

Keeping track of the relative performance of offshore funds is in any case a difficult task. Since they so often specialise in particular areas like the U.S. Japan or Europe it is not very sensible to compare them closely, at any rate over a short period. Last year, with virtually all world stock markets on the slide, offshore funds showed pretty general falls, of something like a quarter on average, against a drop of 36 per cent. by the "Unitholder" index of U.K. unit trusts, and of 55 per cent. by U.K. equities in general, as measured by the FT-Actuaries All-Share Index.

This year the swings and roundabouts effect has been working, however. Offshore funds rallied well in the first few months of the year—by perhaps 30 per cent. up to May—but the Unitholder index rose by over 50 per cent. and the All-Share more than doubled in that period. Moreover, the offshore list has shown some huge short term variations; naturally, those closely involved with the U.K. stock market have been tending to sparkle in recent months, but that is, of course, no guide to what may happen in the future.

Barry Riley

Countries

CONTINUED FROM PREVIOUS PAGE

family's assets from the depredations of the State. Inevitably the growing and increasingly sophisticated financial communities of the islands have been looking further afield for new business.

Domicile is an important concept for U.K. tax law. An individual's domicile is the country which is his natural home, regardless of where he may actually be living. The rules are complicated, and were changed, particularly for married women, at the beginning of last year. A U.K. resident of foreign domicile still enjoys some protection from U.K. tax on his non-U.K. income. Liability to estate duty followed *domicile* regardless of residence. So does liability to CTT, except that in certain circumstances those domiciles elsewhere can be *deemed* to be domiciled in the U.K. for CTT purposes.

First, those domiciled in the U.K. on or after December 10, 1974, will have a "deemed domicile" for three years after any actual change of domicile. They must wait this period befor they can make any dis*position of assets without* liability to CTT. (Life assurance companies will doubtless quote premiums to cover the payment of the tax should the emigrant die within the three year period.)

The second and for this purpose most important situation concerns those who become domiciled in "the Islands" (that is the Channel Islands and the Isle of Man) after December 10, 1974, who were immediately before becoming domiciled there domiciled in the U.K. They will continue to be treated as domiciled in the U.K. ever afterwards.

Thirdly, for the purposes of CTT only, are those of foreign domicile who have been resident in the U.K. in 17 out of the previous 20 years and treated as if they were domiciled in the U.K. However, in determining "residence" for this purpose the possession of a place of abode in the U.K. is ignored. This is intended to let off the hook people whose main home has not been in the U.K. but who have kept a house or flat for the purpose of frequent visits. Under the normal rules of residence the mere possession of a place of abode in the U.K. can constitute residence.

John Chown

LAWN TENNIS BY JOHN BARRETT

Tough Wimbledon draw for top-seed Connors

DEFENDING CHAMPION Jimmy Connors will not easily retain his Wimbledon crown. Yesterday's draw gives the left-handed American opponents of ascending strength starting with the British Davis Cup player John Lloyd.

Next the talented Indian Vijay Amritraj who had a happy knack of bringing down fancied players bars his path and then he will probably play the vastly improved British No. 1 Mark Cox. In the fourth round either the No. 14 seed Vitas Gerulaitis (U.S.) or Australia's Phil Dent, the man who got within two points of victory against him last year, lie in wait.

His path to the semi-final would involve matches against either the recently crowned Italian champion Raul Ramirez (Mexico) No. 8 seed, or Jan Kodes (Czechoslovakia) the 1973 champion and 12th seed this time. Then he must meet the survivor from a powerful quarter headed by fourth seed Guillermo Vilas, the left-handed Argentine who surprised everyone by winning the Commercial Union Masters on grass last December in Melbourne.

Vilas is cast for a meeting with the giant-killing New Zealander Onny Parun (seeded 15) and below them Ilie Nastase (seeded 5) must face the biggest left-handed serve in the tournament possessed by the man mountain from Lookout Mountain, Tennessee. Roscoe Tanner who is probably the best outsider in the field.

Last year's finalist Ken Rosewall, now 40 years old, will be equally pressed to maintain his status as second seed. Fellow Australian Tony Roche (seeded 16) who was a finalist here himself to Rod Laver in 1968, is due to be his fourth round opponent but before that two young Britons might be given the chance to test their growing skills against him.

John Feaver, who served for the match against him in an American spring tournament, could play him in round two and: injury permitting, Buster Mottram could be his next opponent.

The new method of allowing the seeds to fall in groups by chance has thrown all the big guns into the bottom half. The players' choice, Arthur Ashe (No. 6 seed) must beat the heavy serving Australian John Alexander (No. 10 seed) to play either another American, Marty Riessen (No. 13 seed) or the 19-year-old Swedish wonder boy Bjorn Borg, fresh from his French triumph, who is rested now and eager to wipe out the bitter memory of last year's humiliation against the burly Egyptian Ismail El Shafei.

The survivor of this strong third quarter will play either Rosewall or America's 1972 Wimbledon champion Stan Smith (seeded 7), who held match point against the little master in last year's semi-final, or Holland's quicksilver Tom Okker (seeded 9). What a chance for revenge here!

This is quite the strongest men's field I have seen, with some cruel opening matches like Okker v Nicola Pilic, the Yugoslav left-hander at the heart of the 1973 ATP boycott; Ashe v Bob Hewitt (South Africa); Tanner v Bob Lutz (U.S.) and U.S. Davis Cup man Tom Gorman v El Shafei.

Apart from Mark Farrell, who plays a qualifier, and Mottram, who plays Sweden's Birger Andersson, the British men have tough assignments. Cox plays Romania's Ion Tiriac; Roger Taylor meets Jaime Fillol of Chile, Richard Lewis faces one of the best young Americans, Brian Gottfried, un-ranked newcomer Robin Drysdale plays Dick Dell (U.S.), and Feaver plays Mexico's Marcello Lara.

Evenly

For the first time the women's draw has been made with the 32 byes drawn evenly throughout, four to each quarter.

Connors's former financée Chris Evert, who heads the women's field, has a much less daunting task than his. The 1968 finalist Judy Dalton or young Linda Mottram, Buster's sister, are likely to meet her, and also in her quarter is the useful Japanese number one Kosuko Sawamatsu. But Chris should emerge unscathed for her quarter-final against an old rival Kerry Reid, the former Miss Melville, who beat another Australian, Evonne Goolagong, at the same stage here last year before losing to Miss Evert in the semi-final.

In the top half the draw has again thrown together third seed Billie Jean King (U.S.) and last year's beaten finalist and seventh seed this time, Olga Morozova (USSR), who won last year.

In the lower half Britain's only home singles seed, Virginia Wade (sixth), is cast as a potential quarter-finalist against Miss Goolagong. Below them the redoubtable Margaret Court, a mother for the second time but nevertheless seeded fifth, has been drawn to play her protegé, Dianne Fromholtz, in an opening match. She should survive to face the vastly improved Czech girl Martina Navratilova (seeded two) in the quarter-final.

Of the other British girls, Sue Barker will have wished for an opponent instead of a bye before her meeting with Mrs. Reid. Similarly, Veronica Burton would have enjoyed some competition before a prospective encounter with Mrs. King. Glynis Coles is in a quieter section with the volatile American Patti Hogan and Argentina's Raquel Giscafre as chief rivals to a possible fourth-round meeting with Mrs. Court.

Undoubtedly the elements for a spectacular tournament are all there with an ever-growing band of good middle-order players challenging the established names. Let us hope that the prestige and unique pressures of the world's greatest tournament will eliminate the unedifying events of recent weks so that players, umpires, linesmen and officials all act in a thoroughly professional manner to give the loyal public the tennis feast they deserve.

Keig leads at Azores

PROFESSIONAL photographer Nicholas Keig from the Isle of Man is well in the lead at the half-way stage of the Azores-and-back single-handed yacht race, sponsored by Yachting Monthly, according to unconfirmed reports from Ponta Delgada.

Keig's trimaran, Three Legs of Mann, arrived at the port seven days after the race began in Falmouth, having logged a reported 328 miles in one day. Each leg of the race is about 1,200 nautical miles.

Keig, who at 38 has 20 years of sailing experience, is sailing the largest multihull in the race.

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF
SHARP CORPORATION
(SHARP KABUSHIKI KAISHA)
(Formerly Hayakawa Electric Co. Ltd.)
DESIGNATED COUPON NO. 25
(Action Required on or Prior to 31st October, 1975)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of July 15, 1969, among Hayakawa Electric Co., Ltd., (now Sharp Corporation and hereinafter called the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Osaka, Japan, on May 30th, 1975, such stockholders approved the payment of a dividend of 3.75 yen per share of Common Stock.*

The dividend on the shares of Common Stock of record on deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 293.256 yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 25 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Sub-depositary) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 25. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Sub-depositary listed below, upon the surrender of Coupon No. 25.

SUB-DEPOSITARIES
The Fuji Bank, Limited
Dusseldorf, Germany.
Kredietbank S.A. Luxembourgeoise
Luxembourg City, Luxembourg.
Pierson, Heldring & Pierson
Amsterdam, The Netherlands.

The following table sets forth the amounts payable upon presentation of Coupon No. 25 from the various denominations of Receipts.

Coupon No. 25 detached from Receipts in the denomination of	Dividend Payable (less 15% Japanese withholding tax)	Dividend Payable (less 20% Japanese withholding tax)
5 Depositary Shares	$ 1.08	$ 1.01
50 Depositary Shares	$10.86	$10.22
100 Depositary Shares	$21.73	$20.45

Payments in United States dollars in respect of Coupon No. 25 will be made by United States dollar cheque drawn on, or transfer to a United States dollar account maintained by the payee with, a bank in New York City.
Dated: 18th June, 1975.

CHEMICAL BANK, as Depositary,
10, Moorgate,
LONDON, E.C.2, ENGLAND

* March 31st, 1975, has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All Receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 25 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of certain Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after October 31st, 1975, the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 25. As a result, persons surrendering Coupon No. 25 after such date will be entitled to receive from the Depositary or any Subdepositary a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF
TOKYO SHIBAURA ELECTRIC CO. LTD.
(TOKYO SHIBAURA DENKI KABUSHIKI KAISHA)
DESIGNATED COUPON NO. 18
(Action Required on or Prior to October 31st, 1975)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th, 1970 among Tokyo Shibaura Electric Co. Ltd (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on May 30th, 1975, such stockholders approved the payment of a dividend of 2.5 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 292.029 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 18 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 18. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below, upon the surrender of Coupon No. 18.

DEPOSITARY'S AGENTS

NAME	ADDRESS
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Ltd.	London, England.
The Bank of Tokyo, Ltd.	Paris, France.
The Bank of Tokyo, Ltd.	Brussels, Belgium.
The Bank of Tokyo, Ltd.	Frankfurt, Germany.
Pierson, Heldring & Pierson	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro	Rome, Italy.
Banca Nazionale del Lavoro	Milan, Italy.
Kredietbank S.A. Luxembourgeoise	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 18 from the various denominations of Receipts.

1 Depositary Share	$ 0.36	$ 0.34
5 Depositary Shares	$ 1.82	$ 1.71
50 Depositary Shares	$ 18.19	$ 17.12
100 Depositary Shares	$ 36.38	$ 34.24
1000 Depositary Shares	$363.83	$342.43

CHEMICAL BANK, as Depositary,
10, Moorgate,
London, E.C.2, ENGLAND.

* March 31st, 1975 has been established as the record date for the determination of the stockholders of the company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 18 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after October 31st, 1975 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 18.

As a result, persons surrendering Coupon No. 18 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

ORBISA S.A.
Société Anonyme
Headoffice: Luxembourg, 37, rue Notre-Dame
Trade Register: Luxembourg: B 7.115

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Statutory General Meeting which is going to be held on June 27th 1975 at 3.00 p.m. at the headoffice, with the following agenda:

Agenda

1. Submission of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the Balance Sheet, Profit and Loss Statement and Allotment of the Results as at March 31st, 1975.
3. Discharge of the Directors and of the Statutory Auditor.
4. Receipt of and action on nominations for election of Directors and of the Statutory Auditor for a new statutory term.
5. To fix the remuneration of the Directors.
6. To fix the remuneration of the Statutory Auditor for the past year.
7. Miscellaneous.

The Board of Directors

Notes:

a. In order to attend the meeting, shareholders must produce a depository receipt, representing their shares, to the registered office of the company not less than five business days prior to the date of the meeting.
b. Any shareholder may appoint a proxy to represent him at a general meeting. A proxy need not be a shareholder. At general meetings each shareholder present in person or represented by proxy is entitled to one vote in respect of each share of which he is the holder. In accordance with Luxembourg law, no person is entitled to cast votes representing more than one-fifth of the total issued share capital or more than two-fifths of the share capital represented at the meeting, whichever is less, the only exception being if the resolution concerns an alteration to the Articles of Association.
c. No quorum is required for the passing of resolutions, these being decided by a simple majority of the shares present or represented.

CHILEAN EXTERNAL LONG TERM
DEBT—LAW NO. 8962
CHILEAN 4½% GOLD LOAN 1889

NOTICE IS HEREBY GIVEN that a Drawing of Bonds took place on 3rd June 1975 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975.

2 Bonds of £500 nominal capital each Numbers 17677, 17935.
20 Bonds of £100 nominal capital each Numbers 9917, 10122, 10574, 10758, 11106, 11438, 11773, 13242, 13860, 14225, 14344, 15001, 15254, 15457, 15955, 16451, 16585, 16686, 16756, 17264.
37 Bonds of £20 nominal capital each Numbers 31, 383, 986, 1217, 1580, 1792, 1851, 2228, 2236, 2811, 3281, 3289, 3648, 3709, 4167, 4755, 4930, 5240, 5241, 5482, 5551, 5906, 6167, 6611, 6926, 7307, 7781, 7833, 7950, 8101, 8369, 8450, 8603, 8714, 9104, 9187, 9434.
59 Bonds amounting to £3740 nominal capital.
Witness K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the New Issue Department of Midland Bank Limited, for redemption must bear the coupon dated 2nd January 1976 and all subsequent coupons otherwise the amount of the missing coupons will be deducted from the principal to be repaid.
The usual interval of four clear days will be required for examination.

Midland Bank Limited.
New Issue Department.
Mariner House.
Pepys Street.
London EC3N 4DA.

APPOINTMENTS

MEDIUM SIZED STOCKBROKING FIRM
requires
EXPERIENCED ASSISTANT

for private client/solicitors department, competent to carry out reviews and prepare investment schemes etc. unsupervised. Salary by negotiation. Pension scheme. Write Box T.4158, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPERIENCED BOOK-KEEPER required in Stockholders Finance Department. Must be fully conversant with V.A.T. Bought Journal and Ledger, and will control petty cash. Aptitude test at interview. Contact Mr. Barry Callin 538-6280.

DOCUMENTATION CLERKS with Shipping or Commodities experience. £3,000-£4,000 p.a. plus. Also trainees Charterhouse Appointments, 01-836 2377.

COMPANY NOTICES

CHILEAN EXTERNAL LONG TERM
DEBT—LAW NO. 8962
CHILEAN 4½% BONDS OF 1893

NOTICE IS HEREBY GIVEN that a Drawing of Bonds took place on 3rd June 1975 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975.

1 Bond of £500 nominal capital Number 214.
12 Bonds of £100 nominal capital each Numbers 535, 582, 1041, 1190, 1663, 2283, 2427, 3452, 4144, 4326, 4774, 4930.
13 Bonds amounting to £1700 nominal capital.
Witness K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the New Issue Department of Midland Bank Limited, for redemption must bear the coupon dated 1st January 1976 and all subsequent coupons otherwise the amount of the missing coupons will be deducted from the principal to be repaid.
The usual interval of four clear days will be required for examination.

Midland Bank Limited
New Issue Department.
Mariner House.
Pepys Street.
London EC3N 4DA.

BRADLOW'S STORES LIMITED

NOTICE IS HEREBY GIVEN that the following dividends have been declared for the half year ending the 30th June, 1975, payable on or about the 1st of June 1975.

Dividend No. 77 on the 6% Cumulative Preference shares.
Dividend No. 58 on the 6 'A' Cumulative Preference shares.

For the purpose of paying the above dividends the Transfer Registers of the 6% and the 6 'A' Cumulative Preference shares will be closed from Friday 20th June, 1975 to Monday, 30th June 1975 both days inclusive.

THE IMPERIAL COLD STORAGE AND SUPPLY COMPANY LIMITED
(Incorporated in the Republic of South Africa)

FINAL DIVIDEND ON ORDINARY SHARES

Further to the notice of the final dividend declaration on the ordinary shares of this Company advertised in the press on 17th May, 1975 the conversion rate applicable to payments in U.K. currency in respect of that dividend is £100 = R155.0710 equivalent to 5.76650p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 14.517 per cent.

London Transfer Secretaries and Registrars:
P.O. Box No. 102,
Charter House, Park Street,
Ashford, Kent, TN24 8EQ.
14th June, 1975.

J. W. CAMERON & CO., LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share REGISTER will be CLOSED for one day only on the 1st July 1975 and Dividend Warrants will be posted on the 17th July, to shareholders on the Register at the close of business on the 30th June 1975.

By Order of the Board
G. USHER,
Secretary.

Greenbank Offices,
Lion Brewery,
Hartlepool,
Cleveland.

ART GALLERIES

ENGLISH WATERCOLOURS presented by [illegible] Until June 28th. 10-5.30, Sats. 10-1. June 19 10-8.

GREGORY & KRUML, 47, Albemarle St., W.1. Exhibition of watercolours by THOMAS MATTHEWS ROOKE, 1842-1942, including a group of early landscapes, and also works showing the influence of Ruskin and Burne-Jones. 17th to 30th June. 10 a.m.-5 p.m. 10 a.m.-1 p.m. Sats. 01-629 3017. (Presented by Martyn Gregory.)

OMELL GALLERIES, 40, Albemarle Street, Piccadilly, W.1. 20th-Century British and European Paintings and large selection of Maritime Pictures. Realistic prices. (Gallery Booklets £1 pfc. in aid of R.N.L.I. and R.N.I.B.).

AGNEW GALLERY, 43, Old Bond Street, W.1. 01-629 6176. MASTER PAINTINGS —An Exhibition of Recent Acquisitions. Until 4 July. Mon.-Fri. 9.30-5.30. Thurs. 9.30-7.00.

ROYAL ACADEMY SUMMER EXHIBITION. Contemporary paintings, sculptures, etc. Until 27 July. Wkdays 10-6, Suns. 2-6. Adm. 65p (Mondays 30p). And the PRIVATE ROOMS AND COLLECTED TREASURES. Until 31st Oct. Wkdys. 10-6 (closed Tuesday). Sun. 2-6. Adm. 50p. Students and pensioners half price.

LORD METHUEN (1886-1974). Memorial Exhibition. Fieldborne Galleries, 63, Queen's Grove, N.W.8. 01-485 3800.

MALL GALLERIES, The Mall, S.W.1 (1855-1936). Paintings and drawings and ROSAMUND FLETCHER, sculpture. Until 20th June. Weekdays 10-5, Sats. 10-12. At 15a, Clifford Street, London, W.1. Tel. 01-734 2302.

LEGER GALLERY. Exhibition of English Paintings, Reynolds, Romney, Lawrence etc. Mon.-Fri. 9-5.30. 13, Old Bond Street. Until June 27th.

MALL GALLERIES, The Mall, S.W. ROYAL SOCIETY OF BRITISH ARTISTS. Annual Exhibition Mon.-Fri. 10-5, Sat. 10-1. Until June 27. Adm. 20p.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W.8. 01-937 5883. JOHN BRATBY. Until 11 July.

CLUBS

THE GASLIGHT
(A Gentleman's Club)
of ST. JAMES'S, S.W.1
Cabaret spots every half-hour
Restaurant facilities
Cover Charge: £2.00
Open 9 p.m. till early hours —
Mon. to Sat inclusive
Enquiries for
PRIVATE STAG PARTIES
Tel: 930 1648 after 6 p.m.
WELCOMED
Tel. 734 1071 (daytime)
No membership required for
out-of-town and overseas visitors
4 Duke of York St.,
(Jermyn Street),
Piccadilly, S.W.1

EVE, 189 Regent St. 734 0557. A la carte or All-in Menu. Spectacular Floor shows plus the rhythm of Los Vera Cruz and music of Johnny Hawksworth and Friends.

GARGOYLE, 69 Dean Street, London W1. STRIPTEASE FLOORSHOW SEX ALIVE '75 Show at midnight and 1 a.m. Hostesses Monday-Friday. Closed Sats. 437 6455

PERSONAL

IT'S GREAT TO BE ALIVE
Please Support
Heart Survival Through Research
BRITISH HEART FOUNDATION
Room 13,
57 Gloucester Place,
London W1H 4DH.

NOR are bringing the RAMAKIEN from Thailand to Olympia on 22nd-26th June for your free ticket ring 01-383 6892.

APPOINTMENTS WANTED

REPRESENTATION
PUBLIC RELATIONS U.S.

Seasoned executive with top 50 firm heading New York operation seeks permanent association with European organisation acquiring or expanding U.S. interests. Broad corporate counsel, financial and international communications experience. Presently employed seeking new challenge requiring responsible independent initiative.

Box No. F.501 Financial Times, 10 Cannon Street, EC4P 4BY.

EXPERIENCED INVESTMENT ADVISERS

Wish to contact progressive firm of Stockbrokers with capacity for a substantial increase in business with a view to opening a new office in a major provincial city.—Write Box T.4156, Financial Times, 10, Cannon Street, EC4P 4BY.

INTERNATIONAL MARKETING Grad. 33 Fluent French—seeks challenging employment with company or entrepreneur operating internationally—Phone Peter Ryan 01-854 2030, Ext. 389.

LEGAL NOTICES

MAYDAY EMERGENCY SERVICES LIMITED
S.O.S. PLUMBING SERVICES LIMITED

NOTICE IS HEREBY GIVEN pursuant to section 293 of the Companies Act 1948 that a meeting of creditors of the above named companies will be held at The Master Brewer Motel, Western Avenue, Hillingdon, Middlesex on the 1st day of July 1975 at 12.00 noon for the purposes set out in Section 293, 294 and 295 of the above Act.

By Order of the Board,
J. Priestley, Secretary.

Dated 11th June, 1975.

CONTRACTS AND TENDERS

Zajednica preduzeca za puteve SR Srbije "SRBIJAPUT", Beograd
(Association of road enterprises of the SR of Srbia, "SRBIJAPUT")

Republiska skupnost za ceste SR Slovenije, Ljubljana
(Republic Community for roads of the SR of Slovenia)

Samoupravna interesna zajednica za puteve SR Crne gore, Titograd
(Self-managing interest Community for roads of the SR of Montenegro, all in Yugoslavia)

will soon undertake the construction and reconstruction of highways and main roads in the total length of 96.2 km, of which:

in SR Srbia	36.0 km. of four-lane divided highway
in SR Slovenia	10.8 km. of four-lane divided highway
in SR Montenegro	49.4 km of main roads.

The construction and reconstruction cover: earth works, asphalt paving, bridges and tunnels. The applicants taking part in the prequalification must be from the countries, members of the World Bank or from Switzerland and may request from the above investors to be prequalified to tender for one or more of the road sections.

All the enterprises interested in taking part in prequalification are invited to submit references with short descriptions of their former experiences in the works of similar nature, as well as of their financial situation, and to forward their applications to the *following investors by June 30, 1975, at the latest*:

Zajednica preduzeca za puteve " Srbijaput," Beograd, Gospodara Vucica 223, Yugoslavia

Republiska skupnost za ceste SR Slovenia, Ljubljana, Titova 64/1, Yugoslavia

Samoupravna interesna zajednica za puteve SR Crne gore, Titograd, Nemanjina obala br. 2, Yugoslavia.

The investors will invite the prequalified enterprises to submit their Bids for performance of works.

The Investors expect to have the documentation required for making such offers available by the beginning of August 1975.

RE-INVITATION TO PREQUALIFY

Contractors who wish to participate in the bids for construction of (1) Nekempti-Arjo-Bedele and (2) Soddo-Bulki Feeder Roads to be constructed under the Ethiopian Sixth Highway Programme have been invited to submit prequalification information prior to May 31, 1975. As previously indicated, these projects are to be financed by the International Development Association.

This is to notify that the submission date for the required information has been extended up to July 15, 1975. Prequalification Questionnaire form may be obtained from Contract Construction Division, Ethiopian Highway Authority, P.O. Box 1770, Addis Ababa—ETHIOPIA.

Gellatly, Hankey & Co., M.B.H.
Lloyd's Agents at Hamburg.

Hereby announce the Tender Sale of unclaimed cargo ex the MV "Nordwind" recently released from the Suez Canal to be effected as from the 1st of July, 1975 in Hamburg, upon instructions of Nordstern Reederei GmbH., Hamburg, for account of whom concerned. Goods to be sold by Tender consist of feed stuffs, cotton ware and other general cargo. Cargo owners and prospective buyers are invited to contact:—

Gellatly, Hankey & Co., M.B.H.
59 Ehrenbergstrasse, 2000 Hamburg 50
Telephone: 38 18 91/97 Telex: 2/12951

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Further headway in early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 17.

THE RALLY made further headway on Wall Street to-day, although the pace was slower. Investors were additionally encouraged by President Ford's statement last night that the economy has bottomed out and will soon be growing again.

After opening another 3.21 up at $37.77, the Dow Jones Industrial Average partially reacted to $36.20 by 1 p.m., for a net rise of 1.64, while the NYSE All Common Index put on a further 3 cents to $45.72. Trading volume sharply expanded by 2.43m. shares to 10.04m., compared with 1 p.m. yesterday.

President Ford said he is confident the U.S. is at the bottom of the worst economic slide since the 1930s. In remarks prepared for delivery to the National Federation of Independent Business.

One analyst said the Stock Market is continuing to respond to the drop in April inventories announced last week and also on expectations that interest rates will continue to fall.

Rockwell International gained $1¼ to $25¾ and Gulf Oil $½ to $22¾—late yesterday they said they were considering a possible merger or some other form of business combination.

Interstate Brands were lifted $2¼ to $14¼ but DPF dipped $½ to $5¾—DPF said it would tender for 43 per cent. of Interstate Brands at $14½ per share.

Playboy Enterprises advanced $1¼ to $4¾—the stock had been halted since last week, when it announced that it was considering going private.

A and P declined $¾ to $10¼—the large supermarket chain said it expects to report a first quarter loss of 34 cents per share, compared with year-earlier earnings of 41 cents.

Allied Stores added $1 at $34¾ on its expectations of higher earnings for the second quarter and also the year.

Williams Company's improved $1¼ to $34¼—it formed an Iranian *pipeline joint venture.*

Sherwin-Williams shed $¼ to $44¼ on 131,800 shares, including a block of 130,000 shares at $44¼, after third quarter earnings of $1.29 ($1.56) per share.

Coal Minings were lower. Wall Street analysts have become cautious about the stocks in light of their strong run-up this year and some fear they may be hurt by the Steel slump, according to Press reports.

The American SE was mixed. The Market Value Index put on 0.09 to 89.05 and advances led declines by 220 to 213, while the volume expanded 30,000 shares to 1.2m. compared with 1 p.m. yesterday.

West Chemical Products moved up $1¼ to $9¼ on second quarter earnings of 75 cents per share, including a 33 cents credit, compared with 14 cents a year earlier.

Closing prices and market reports were not available for this edition.

OTHER MARKETS

Canada firmer

Canadian Stock Markets were generally firmer in light trading yesterday morning.

The Industrial Share Index rose 0.35 to 186.21, Base Metals 0.12 to 72.87, Western Oils 0.58 to 187.41, Banks 2.29 to 260.91 and Papers 0.09 to 109.14. But Golds shed 0.80 to 405.05 and Utilities eased 0.42 to 130.15.

Noranda Mines further improved $¼ to $35¾ and Alcan Aluminium hardened $¼ to $23¼.

Canadian General Investments lost $½ to $19½, as did ATCO *Industries to $20.*

Denison Mines rallied $1 to $55 and Roman Corporation gained $½ to $15.

PARIS—Mixed trend with losses predominating. The relaxation of credit curbs had little impact.

Banks were irregular in nervous trading, as were Foods and Constructions, while Stores fell back. Electricals and Metals were narrowly mixed but Rubbers were *generally stronger.*

In the Foreign sector, Americans and Germans performed well, while Dutch issues were mixed. Ford Motor, ITT, Hoechst and Bayer each improved, but BASF eased.

International Oils were well-traded. Imperial Oil and Mobil moved up, but Shell and Petrofina *each slipped.*

Gold Mines and Coppers eased, notably Anglo and Western Holdings.

AMSTERDAM—Again quietly mixed with a firmer undertone, although activity was dampened by the West German holiday.

Royal Dutch rose Fls.1.2 to 91.50 and Unilever were up Fls.0.40 to 107.3.

Banks largely declined. But *Slavenburg's* put on Fls.3 to 254. Insurances gained ground, while Transportation and Dutch Industrials were narrowly mixed.

State Loans were quietly mixed.

BRUSSELS — Domestic and European stocks were mostly mixed, while U.S. shares improved slightly in quiet trading.

Steels, Chemicals and Holdings *declined.* Cockerill, however, gained Frs.52 to Frs.1,240.

Metals and Oils firmed. Asturiennes were up Frs.35 to Frs. 2,150 and Petrofina Frs.60 to Frs. 5,210.

Among higher Americans, Boeing gained Frs.8 to Frs.1,058, ITT Frs.22 to 886, IBM Frs.60 to 7,730, Union Carbide Frs.70 to 2,120 and Westinghouse Frs.2 to 676.

Dutch stocks subsided slightly. *Hoogovens lost Frs.10 to 780.* French issues were steady and West Germans slightly improved. Bayer gained Frs.25 to 1,535.

South African Gold Mines were easier. President Brand lost Frs.30 to 1,170.

GERMANY—Closed yesterday—National Day.

SWITZERLAND—Generally very steady in continued slack trading. Major Banks were quietly steady, while Financials and Insurances were narrowly higher.

Juvena Bearer and Participation Certificates recouped some of recent losses. Oerlikon Buehrle advanced on active buying.

Chemicals showed a resistant undertone, while Foods and Engineerings were irregular. BBC, however, gained Sw.Frs.30 to 1,395 on good support.

State Bonds were firmer.

In the Foreign sector, Dollar stocks firmed *slightly on selective* demand. Dutch Internationals edged higher, led by Royal Dutch. Germans improved in thin trading. Compania Italo Argentina rose sharply in an active turnover.

MILAN—Prices plunged dramatically in an emotional reaction to the big Communist advance in the week-end elections. Panicky sales sent prices dropping an average 7 per cent. at the opening, and falls of 10 per cent. were posted by the "big" Industrials such as Fiat, Pirelli, Montedison and Snia Viscosa.

Bonds were quiet and resistant.

HONG KONG—Prices eased slightly in slow trading.

Hong Kong Land were down 5 cents to $HK6.95, Hutchison 2½ cents to $HK2.375, Wheelock "A" 5 cents to $HK3.95 and Gammon 10 cents to $HK20.30.

TOKYO—Market opened higher but advances were curtailed as profit-taking set in. Volume 180m. (100m.) shares.

Blue Chips were in good demand initially but most closed easy on late liquidations and profit-taking.

Dai-Nippon Printing eased Y15 to 500 on Press reports that six months pre-tax profits would be down 20 per cent.

Motors gained on reports that the Government relaxed its controls on H.P. plans for consumer durables. Toyota Motor rose Y21 to 655, Honda Motor put on Y23 to 605, and Toyo Kogyo advanced Y16 to 299.

JOHANNESBURG—Gold shares closed weaker in a moderate turnover.

Financial Minings edged lower but Platinums were a shade higher in small trade.

Industrials were steady, while Collieries were mixed.

AUSTRALIA — Initial selling pressure intensified and pushed prices to the lowest levels for three weeks. Overseas support seemed to have evaporated.

BHP fell 30 cents to $A6.80, after a block sale of 2,000 units at $A7.14.

Bank of NSW gave way 30 cents to $A6.20.

Sugars gave ground following the fall in London sugar prices to an 18-month low, CSR slipped 15 cents to $A4.15. Pioneer dipped below $A4 and Bundaberg eased 5 cents to $A4.

Among Minings, Pancontinental were up 5 cents at $3.10. Most other Minings lost ground.

In Oils, Woodside-Burmah shed 3 cents to 64 cents and Oil Search eased 2 cents to 27 cents.

Indices

NEW YORK

DOW JONES AVERAGES

	Home Bonds	Transport	Indus.	Util.	Trading volume† 000s
June 16	[illegible]	167.16	[illegible]	82.65	16,660
13	[illegible]	161.53	824.47	81.90	16,300
12	[illegible]	167.69	819.51	81.61	15,970
11	—	169.21	824.55	81.51	18,220
10	65.27	[illegible]	[illegible]	81.60	21,150
9	66.04	170.05	830.10	82.21	20,670
6	67.91	170.22	[illegible]	[illegible]	22,230
5	[illegible]	168.72	842.15	82.85	31,610
4	[illegible]	162.92	829.80	85.01	24,900
3	67.79	166.26	846.14	82.57	26,560
2	67.55	163.04	846.81	80.71	23,240
May 30	67.82	167.85	832.29	79.82	22,670
29	67.61	165.72	815.00	78.64	12,570
28	67.85	165.64	817.04	77.46	21,950
27	67.86	165.90	826.11	77.45	17,060
23	67.99	167.36	831.90	77.17	17,270
1975 High	68.92 (4/4)	174.12 (6/5)	866.75 (14/5)	86.01 (4/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	164.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (2/7/32)	10.58 (8/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

June 13	June 6	June 14, 1974
4.08	4.09	4.58

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	June 16	June 13	June 12	June 11	June 10
49.35 [illegible]	37.06 (2/1)	48.69	45.19	47.95	48.18	48.12

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,810	906	516	388

	June 16	June 13	June 12	June 11	June 10
New Highs	82	45	44	81	82
New Lows	3	5	5	7	2

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	June 16	June 13	June 12	June 11	June 10
90.71 (6/6)	62.20 (2/1)	89.56	89.46	89.01	88.61	89.27
Volume (000s)		2,950	2,000	2,054	2,270	2,570

U.S. STOCK INDICES

STANDARD AND POORS

	*Industrials	†Composite
June 16	102.63	91.46
13	101.35	90.52
12	101.06	[illegible]
11	101.63	90.55
10	101.50	90.44
9	102.39	91.21
6	103.87	92.48
1975 High	104.40 (5/6)	92.30 (5/6)
1975 Low	77.71 (9/1)	70.74 (5/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	June 12 1975	June 4 1975	June 12 1974
Ind. Ord. yield pc	3.73	3.64	3.59
Ind. Ord. p/e ratio	11.02	11.28	11.36
Long-term Govt. Bds. per cent.	8.71	8.91	[illegible]

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Gulf Oil	284,900	22¾	+ ½
Occidental Petrlm.	185,100	18¼	+ ½
Denny's Inc.	180,500	17½	+ ½
Polaroid	179,700	33¾	+2¼
Texaco	167,700	26¾	+ ½
Whittaker	160,300	4¼	+ ¼
Southern Co.	131,600	12¼	− ¼
General Motors	121,000	43¾	− ½
Amer. Airlines	118,600	7¾	—
Searle G. D.	116,600	19¾	+ ¼

TORONTO

INDUSTRIAL INDEX

June 16	June 13	1975 High	1975 Low
153.86	155.29	159.65 (14/3)	130.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

June 16	June 13	1975 High	1975 Low
195.53	194.19	197.95 (14/3)	150.35 (2/1)

COMBINED INDEX

June 16	June 13	1975 High	1975 Low
1[illegible]5.52	156.21	191.02 (14/3)	150.92 (2/1)

JOHANNESBURG

	June 17	June 16	High	Low
Industrials	225.9	224.4	224.3 (13/6)	192.0 (23/1)
Golds	306.4	310.9	379.1 (2/1)	254.2 (13/4)

1958=100. Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 12	June 5	May 29
On Dividends	7.11	7.02	7.13
On Earnings	13.67	13.49	13.67

SYDNEY ALL ORD. INDEX

June 17	June 13	High 1975	Low 1975
360.53	370.13	387.27 (5/6)	289.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 17	June 16	High 1975	Low 1975
328.83	328.85	332.96 (2/5)	265.24 (10/1)

HONG KONG INDEX ●

June 17	June 16	High 1975	Low 1975
329.01	330.93	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

June 17	June 16	High 1975	Low 1975
231.60	232.84	262.69 (11/3)	155.26 (8/1)

EUROPE

	June 17	Previous	1975 High	1975 Low
Belg'm (a)	109.16	109.86	111.81 (16/5)	89.07 (8/1)
Denm'k (b)	91.27	91.23	92.50 (13/6)	75.06 (13/1)
France (d)	64.3	64.2	[illegible] (23/4)	51.70 (2/1)
Germ'y (e)	(c)	651.4	726.1 (10/4)	575.3 (2/1)
Holland (f)	102.5	101.5	107.6 (6/5)	83.5 (2/1)
Italy (g)	84.83	87.55	102.29 (21/5)	66.36 (6/1)
Spain (h)	98.15	99.61	110.54 (22/4)	76.98 (10/1)
Sweden (l)	369.12	365.62	[illegible]	310.0 (8/1)
Switzerl'd (m)	397.2	397.8	395.1	[illegible]

Indices and base dates (all base values 100)—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan 1972. (h) Madrid S.E. 31/12/74. (l) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—89½% (91¼%).

NEW YORK

Stock	June 16	June 13
Corning Glass	52	53
CPC Int'nation'l	43¾	43⅝
Crane	47¼	46½
Johns Manville	20¾	20¼
Rapid American	6⅛	6⅛
Raytheon	54½	54⅛
RCA	19	18¾
Zenith Radio	25½	24⅝
Chile 6% 1993	85⅜	85⅜
Peru 5½ [illegible]	[illegible]	19

GERMANY ♦

June 16	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	75.6	−0.7	—	—
Allianz Versich.	447	−3.5	17	2.2
B.M.W.	217.5	+1.5	14	3.2
BASF	130.5	+1.5	17	6.4
Bayer	117	+0.7	17	6.9
Bayer Hypo.	302	—	18	3.0
Bayer Vereinsbk.	315	−3	18	2.8
Commerzbank	194	−1	17	4.4
Conti. Gummi	71.7	−0.3	—	—
Daimler	286.5	−0.5	15	[illegible]
Degussa	228	−2	18	4.2
Demag	191	—	16	4.2
Deutsche Bank	285	−4	20	3.5
Dresdner	217	−3	18	[illegible]
Dyckerhoff Zem't.	173	−5	14	4.1

AMSTERDAM

June 17	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	100	—	18	[illegible]
Akzo (Fl.20)	39.6	—	20	1.2
Algem Bak(Fl100)	322	−1	30	[illegible]
AMAS NV (Fl.10)	14	—	10	7.1
AMEV (Fl.20)	54.2	+0.7	30	5.1
Amro Bank (Fl.20)	73.6	−0.2	20	5.5
VanBerkels P(Fl.50)	119.8	−0.8	[illegible]	6.2
Bijenkorf (Fl.20)	76	−2.6	21	5.5

AUSTRALIA

June 17	Aust. $	+ or −
Acrow Australia	0.70	—
Adelaide Brig'ton Con't 60c	0.88	−0.01
Allied Mnfg.Trdg. Indus $1	†1.47	−0.03
Ampol Exploration	†0.47	−0.01
Ampol Petroleum	†0.42	−0.02
Assoc. Minerals	2.65	−0.05
Assoc. Pulp Paper $1	†0.82	−0.01
Aust. Con Industries	†1.30	−0.01

Record £ low

Sterling touched record low levels in the foreign exchange market yesterday, in moderate business, with its trade-weighted average depreciation against 10 units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England widening on balance *to 26.5 per cent., from 26.2 per* cent., so ending at its worst ever closing level for the pound, and reaching 26.7 per cent. in early dealings. (the worst for sterling ever recorded) a level of 26.7 per cent. also held at noon. It seemed possible that the Bank of England gave a little support to the pound. In terms of the U.S. dollar, sterling fell 35 points on the day, to $2.2715-2.2725, moving erratically in (by the standards of recent days) a modest range. The rate opened at $2.2710-2.2720, and touched $2.2665-2.2670

The holiday in Germany restricted dealings to some extent. The dollar weakened a little against major currencies as a whole, in spite of the fall in the pound, with its trade-weighted average fall against 14 units since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) widening to 6.91 per cent., from 6.86 per cent. Sterling's depreciation on a similar basis widened to 32.51 per cent., *from 32.39*

Gold rose $½ an ounce on balance in London to $163¾-164¼, in moderate business. The metal opened at $163-164, and fell at one stage between the fixings to $162½-163½, its lowest of the day, but ended at a day's best. The reports of transactions in South Africa in Krugerrand involving Reserve Bank holdings made no marked impact on gold bullion or coin dealings.

The Krugerrand ended in places at a premium of 12⅞ per cent. over its gold content in domestic dealings, against 12½ per cent. previouslyy, and at 3⅞ per cent. in international, against 3⅛ per cent.

EXCHANGE CROSS-RATES

June 17	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.332-334	58.35-55	6.45-47	5.310-325	97.20-40	93.85-94.05
N. York	42.92-96	—	25.07-10	2.8750-880	2.2720-30	41.64-68	40.25-29
Paris	171.00-40	3.9755-9265	—	11.4365-4610	9.019-044	166.0-40	160.50-90
Brussels	14.91-97	34.74-79	8.71-76	—	78.77-98	14.47-53	14.01-06
London	5.28½-29½	2.2716-25	9.03½-04½	79.06-25	—	5.45-46	6.63-64
Am'erdam	103.00-03.6	2.3962-87	60.23-28	6.8955-9005	5.4355-4405	—	96.775-825
Zurich	106.37-58	2.480-482	[illegible]	7.1275-1425	5.6295-6370	103.36-51	—

U.S. $ in Montreal. U.S. $=102.58-60 Canadian cents

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rate short-term 12¾-13 per cent.; seven days' notice 12¾-13 per cent.; one-month 9¾-10¼ per cent.; three months 9¼-9¾ per cent.; six months 9-9½ per cent.; one year 9¼-9¾ per cent.

Longer-term Eurodollar deposits: two years 8¼-8¾ per cent.; three years 8½-9 per *cent.; four years 9-9½ per cent.; five years 9¼-9¾ per cent.*

The following nominal rates were quoted for London dollar certificates of deposit: one month 5⅝-5¾ per cent.; three months 6¹⁄₁₆-5¹¹⁄₁₆ per cent.; six months 6¹³⁄₁₆-6⁵⁄₁₆ per cent.; one year 7¹¹⁄₁₆-7⁷⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

FORWARD RATES

VIENNA

JOHANNESBURG

BRUSSELS

SPAIN ♥

OSLO

COPENHAGEN

CANADA

TOKYO ¶

PARIS

MILAN

STOCKHOLM

SWITZERLAND ●

FARMING AND RAW MATERIALS

Malta: more foot and mouth

GRIMA, MALTA, June 17.

A FRESH outbreak of foot and mouth disease over the weekend has forced the Government to suspend all slaughter of cattle, sheep and pigs at the island's abattoir.

Making an *unscheduled* appearance on television last night the Agriculture Minister, Mr. Freddie Micallef, confirmed that three farms were found contaminated following a lull of ten days since the initial outbreak when a farm in the south of Malta was hit by the disease.

There were stormy scenes in Parliament when opposition MP Dr. Josie Muscat demanded an urgent debate and a public investigation which were strongly opposed by Premier Dom Mintoff. Mr. Muscat said he believed seven farms were by now hit by the disease. He claimed the disease could have been imported through straw shipped from Sicily.

According to Mr. Micallef by to-morrow the island's entire livestock population of cattle, sheep, goats and pigs will have been vaccinated.

Japanese cottonseed plant closes

TOKYO, June 17.

JAPANESE COTTONSEED crusher Yoshimara Oil Mill has closed down its 8,000 tonnes a month crushing plant because of increasing difficulty in obtaining imported seed and higher import prices.

The company, reported to be the largest Japanese crusher, also blamed a prolonged slump in the domestic oilseed cake market which resulted in processing at the plant being cut to around 2,000 tonnes a month.

Yoshimara has no plan to resume cottonseed crushing, and will, instead concentrate on refining imported crude cotton seed oil, which it said is more profitable than importing seed for crushing.—Reuter

SECOND FARMSCAN CONTEST PLANNED

Farmscan, the National Farm Management Contest, jointly organised by the Royal Agricultural Society of England, the Agricultural Development and Advisory Service, Reading University and Barclays Bank, will be held again *this year starting in* late October. The contest has been altered to take accountof lessons learnt in the first competition last year.

Market downturn brings fall in meat prices

BY PETER BULLEN

BEEF PRICES in the shops have begun to ease following the sudden drop in live cattle values in markets all over the country *last week.*

The U.K. average fatstock price which was up to almost £23 a live cwt a few weeks ago fell by £1.12 to £21.27 last week and the Meat and Livestock Commission estimated last night that the average from a selection of markets held yesterday was down to £20.77 a cwt or 87p below last Tuesday's level.

The fall in prices has taken place despite a marked reduction in the number of cattle coming onto the market and the virtual drying up of Irish meat exports to the U.K. following a strike by vets in Ireland.

Last week's hot, sunny weather, marking the beginning of the seasonal summer decline in meat prices, was blamed for the sudden drop in prices as *consumers cut back purchases.*

Another factor affecting beef prices has been the increasing quantity of new season home produced lamb being marketed, particularly now that exports to France have dried up because of the French ban on lamb imports. In the past month the price of medium English lambs on the Smithfield whole*sale market for example has* dropped about 8p to 32p to 36p a lb.

Some trade observers feel prices may ease still further as it is expected that within a few days the French will announce a steep increase in the variable levy they impose on lamb imports. When the French import ban is lifted U.K. lamb exporters may have to face a levy ranging from 22p to 31p a lb.—5p or 6p higher than at present—which could seriously hinder the trade, leaving more for the domestic market. In addition New Zealand lamb supplies are expected to remain plentiful in the months ahead owing to a hold-up of shipments earlier in the season.

A spokesman for the National Federation of Meat Traders said yesterday that the lower fatstock prices and the drop in demand by consumers for the cheaper cuts had already brought reductions in prices of forequarter cuts of 3p to 4p a pound. Quick grilling cuts and other hind quarter meat were still very much in demand particularly with the tourist and *summer catering trade picking* up. The continuing ban on imports of Argentine chilled rumps was particularly noticeable at times like these he added. Home-killed lamb is also down by 3p to 4p a pound in many shops.

One large multiple chain of butchers' shops reported a 25 to 40 per cent. drop in sales owing to the hot weather last week and forecast that further price reductions will be made before the end of this week to stimulate sales.

● Australian farmers should look to the U.S. and Japan as markets for their beef not the Common Market said Mr. Crean, Australian Minister for Overseas Trade, yesterday reports Radio Australia. Mr. Crean, who has spent two days in Brussels discussing trade with the EEC, said there was not much chance of getting Australian beef into the European market in any quantity in the near future or later. It was quite acceptable but European countries had more than enough of their own.

Tax threat to farm investment

BY RICHARD MOONEY

PROPOSED NEW TAXES could mean a major change in the basic function of the Agricultural Mortgage Corporation according to its chairman, Mr. J. P. R. Glyn. "Recently the main purpose of our lending was to help farming enterprises to get bigger and more efficient. In future we shall probably be lend*ing just to help them not get* smaller," he said introducing the corporation's annual report.

Mr. Glyn said that uncertainty based on Britain's entry into the EEC and inflationary rises in costs could prove to be temporary, but he declared that proposals for the capital transfer tax and possible wealth tax, and the community land tax were far more important in the long term. "Landowners and farmers are likely to be more concerned with financial planning to meet these taxes than with providing funds for expansion of output," he said.

Mr. Glyn described the doubling of stamp duty as a "gratuitously unnecessary blow" to the corporation. He said this expense would amount to just under £1m. *in a full year.* "The increased cost of stamp duty on past debentures can only be found by loading our lending rate to current borrowers. In all, stamp duty requires that rate to be increased by about 0.65 per cent.," he added.

The recent White Paper on "Food from Our Own Resources" repeated the wel-known platitudes in favour of increased food production, Mr. Glyn said. "Unfortunately, when we face the worst balance of payments *position we have ever seen,* the agricultural industry is in complete disarray."

In the year to March 31 AMC lent £30m. against £38m. in the previous year. Mr. Clive de Paula, the AMC managing director, said falling land values had been mainly responsible for the decline in loans though more applications had been turned down.

Smaller silver shortfall

BY JOHN WICKS, ZURICH CORRESPONDENT

WORLD SILVER consumption, which fell last year due to the recession by some 9 per cent. to about 448m. ounces, will probably decline further this year, according to a report published by the Swiss Credit Bank in Zurich. Industrial demand, which accounts for about 90 per cent. of total consumption, is currently running at some 15 per cent. below 1974 levels.

At the same time, production —of 377m. ounces last year, including 240m. ounces of mine *production* and 137m. ounces of secondary metal—is expected to fall noticeably in 1975. Over half of all new silver production occurs as a by-product operation in the extraction of metals such as lead, zinc and copper and the bank sees output in these sectors limited by lower prices and recessionary trends. Even should secondary production of silver increase, there will still be a shortage in supply.

This shortfall should, however, be smaller than that estimated for 1974 and so reach the lowest level for five years. In 1974, a supply deficit of 71m. ounces was reduced to 50m. ounces by sales from official reserves.

Any economic recovery trend could lead to a certain increase in demand for silver, says the report.

Weaker £ lifts metal values

THE WEAKNESS of sterling brought a general hardening of values on the London Metal Exchange yesterday.

Copper prices moved up, with cash wirebars closing £5.5 higher at £523.5 a tonne. Buying from *influential sources, including* some demand for cash metal, encouraged the upward trend. Meanwhile, the World Bureau of Metal Statistics reported that U.K. consumption of copper during the first four months of the year at 214,328 tonnes was 3.4 per cent. lower than for the same period of 1974. However, it noted that refined copper demand was actually higher than in 1974, but consumption of scrap fell sharply.

Monthly average of U.K. zinc consumption in January-April this year was 18.5 per cent. down on 1974, while demand for scrap and remelted zinc dropped by over 24 per cent. ... ...

U.K. consumption of lead also fell during the first four months of the year to 11.6 per cent. below the average monthly figure last year.

Both lead and zinc prices were firmer on the Metal Exchange yesterday, with cash lead gaining £6.125 to £160.125 a tonne. In zinc the main gain was in the three months quotation, which jumped by £8.25 to £314.75 a tonne. Tin prices were also higher.

Timber market recovery predicted

GENEVA, June 17.

EUROPEAN MARKETS *for* timber are expected to recover in 1976, according to a United *Nations special study.*

A review published by the U.N. Economic Commission for Europe (ECE) described 1974 as "unusually turbulent" for the industry.

The boom of 1973 in sawn wood, wood-based panels and other products gave way to a recession which was still gathering pace at the end of 1974. Steep price swings and fluctuations between buyers' and sellers' markets had caused extremely severe financial problems for many forest products industries and trading companies, the review said.

At the moment forest products mostly faced a buyers' market, the ECE said. But it suggested it would be in the industry's interests to combine the present policy of *retrenchment* and caution with a careful watch for signs of impending recovery next year.

Reuter

EEC DAIRY SURPLUS

Producers may have to share burden

BY ROBIN REEVES

LUXEMBOURG, June 17.

MILK PRODUCERS will have to accept some financial co-responsibility for surplus production if the European Community is to have a reasonable dairy policy in the future, Mr. Pierre Lardinois, the Brussels Commissioner for Agriculture told the European Parliament here to-day.

Speaking during a debate on the Commission's "stock-taking" of the Common Agricultural Policy, an exasperated Mr. Lardinois said it was no good the Parliament and the Council of Agricultural Ministers accepting the principle of co-responsibility, as they did, while consistently rejecting specific means for implementing this principle.

One of the key proposals for improving the CAP in the Commission's "stock-taking" is a recommendation that any increase in EEC milk prices should be divided into two. The first part of the rise would take effect in March, while award of the remainder in September would be dependent upon the size of surplus butter and milk powder stocks built up during the summer. If these stocks were too high then producers would have to forego the second part of the increase.

The report of the Parliament's Agriculture Committee accepts the principle behind this method of trying to make dairy production more responsive to market needs, but rejects the specific proposal. Presenting the report, Mr. James Scott-Hopkins of the Conservative group claimed that it could lead to a winter milk *shortage, particularly in the new* member states, where autumn calving was the general rule.

However, Mr. Lardinois accused the Parliament of wanting to have its cake and eat it. "It is inadequate of the report to reject the method we propose and yet suggest no alternative," he declared.

The Commissioner admitted that co-responsibility was bound to have an adverse impact on diary farmers' incomes. "We want it to be as little as possible, but it is impossible to have a popular measure," he added.

Mr. Lardinois also came out strongly against the Commission setting production targets for individual farm commodities. "This would make the Commission the subject of even more criticism than it is already."

He implied that member-Governments were only too ready now to pass the buck and blame Brussels when agricultural difficulties arose.

Mr. Lardinois said he was only prepared to contemplate production targets for one or two commodities, namely dairy products and cereals, on a trial basis. Turning to more immediate problems, the Farm Commissioner promised to publish soon the Commission's plans for lowering the guarantee for feed quality wheat so as to give cereal producers a picture of their seed requirements for autumn planting.

On the special "green currencies" governing inter-EEC farm trade, Mr. Lardinois saw little hope of their abolition before the establishment of economic and monetary union. But in a situation of unstable currency markets, they had saved the CAP from collapse, he said.

The Agricultural Commissioner also suggested a special conference on the horticultural problems of the Mediterranean region to find new ways of promoting a healthier agriculture in Central and Southern Italy and Southern France. Italian complaints about the inadequacy of present support arrangements is holding up negotiations for more liberal trading agreements with non-EEC Mediterranean countries. This problem will again be the main item on the agenda of next week's Agricultural Council in Luxembourg.

In general, the Parliament's Agricultural Committee agrees with the Commission's stock-taking assessment that the CAP has contributed "in general" to stabilising agricultural markets and consumer prices. But it criticises the Commission for not producing more new proposals for dealing with admitted problems in certain sectors, notably *beef, milk, wheat and wine,* and for not ensuring adequate incomes to farmers in less favoured regions.

They also thought that not enough attention was being paid to marketing. Farmers were excellent at producing, but very poor at selling. More needed to be done, particularly in reducing the large margin between the farm-gate and end prices.

The Parliament's report, does not come out in favour of permanent producer and consumer subsidies, such as the beef deficiency payments system now in force in the U.K. It sees them only as "temporary expedients."

There is little doubt that the presence of Labour anti-Marketeers would have made for a much livelier debate, particularly *since speaker after speaker* emphasised that the CAP was a cornerstone of European integration, but could never be perfect until the EEC achieved economic and monetary union.

Decline in farm growth upsets Danes

BY OUR OWN CORRESPONDENT

COPENHAGEN, June 17.

DANISH AGRICULTURE'S output of animal products has failed to show the expansion which was expected of it when the country joined the EEC in 1973, the President of the Agricultural Council, Arne Pilegaard Larsen, told the council's semi-annual delegate meeting to-day.

He blamed the stagnation on the Government. Although EEC membership led to a substantial increase in net export earnings, from Kr.6.9bn. in 1972 to Kr.10.4bn. in 1973 and Kr.11.3bn. in 1974, the State had taken the best part of the increase by withdrawing subsidies and placing new taxes on the farmers.

"The farmers' disposable income has been so small that there has been no significant incentive to increase output" he said.

Output of animal products rose about 2 per cent. in 1973 and 1974, but in the current year a decline in output was probable, he continued. A fall of 4.4 per cent. was expected for pigs delivered for slaughter; the situation in the poultry section was extremely serious; and at the last count, the dairy herd had fallen in size by 2.1 per cent. over a year. Only output of beef and veal had kept step with developments in other EEC countries, said Mr. Larsen.

For the first time for many years the value of exports had actually declined in the first quarter of 1975 compared with the same period last year, he added.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained further ground on the London Metal Exchange but closed below the day's highest. The further decline in sterling coupled with short-covering and stop-loss buying pushed forward metals up to £542 while cash metal was again subject to influential buying from one quarter and touched £525. In the afternoon, the opening firmness of Comex prompted forward metal to move up to £544 here at one time but profit-taking subsequently took the price back to £540.5 on the afternoon Kerb. Turnover: 22,180 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	522.5-3	+6	523-4	+5.5
3 months	540-1	+7.75	541.5-2	+5.5
Settlem't	523	+6	—	......
Cathodes				
Cash	511-2	+7	512-3.5	+4.75
3 months	530-1	+7.75	531-.5	+4.75
Settlem't	512	+7	—	......
U.S. Smt.	—	......	*53.70	......

Amalgamated Metal Group reported that in the morning cash wirebars traded at £519.5, 24, 22, 23, early-July £522, 23, three months £538 to 42 41. Kerb: Wirebars: cash £522.5, three months £541, 40.5, 40. Afternoon: Wirebars: early-Sept. £538, three months £543, 44 to 41.5. Cathodes: three months £531. Kerb: Wirebars: three months £541.5 to 40.

TIN—Firmer. The tightening nearby supply situation narrowed the contango to only £4 at one time reflecting recent influential borrowing of cash metal. The easier tone of sterling was also an influence. In the afternoon, however, freer offerings of cash metal pared the earlier rise but values were still higher on balance. Turnover: 1,095 tonnes.

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

JUTE

[illegible]

WOOL FUTURES

LONDON—Market about unchanged in dull session, reports Bache.
(Pence per kilo)

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Rain boosts Chicago grains

NEW YORK, June 16.

SILVER finished lower on Commission *House selling, while copper edged higher* despite new record levels in LME warehouse stocks. Renewed Commission House selling forced cocoa lower. Trade buying and speculative shortcovering pushed sugar higher. Chicago grains closed higher across the board on commercial buying and news of unexpected rain in key growing areas, Bache reports.

Cocoa—Ghana spot 62 (62½). Bahia spot 51 (51½), July 44.48 (45.05), Sept. 41.42 (42.05), Dec. 41.22, March 41.42, May 41.07, July 42.37, Sept. nil. Sales: 780.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: July 59.50-59.65 (59.45), Sept. 60.00 (59.93), Nov. 60.23 nom. Dec. 60.25-60.40, March 60.65, May 61.00-61.50. Sales: 170.

Copper—June 52.00 (51.80), July 52.10 (51.90), Aug. 52.60, Sept. 53.10 settlements. Sales: 931.

Cotton—July 44.90-44.98 (44.42), Oct. 46.40-46.41 (45.60), Dec. 47.05, March 47.90-47.93, May 48.45-48.60, July 49.15, Oct. 49.53 bid, Dec. 49.75 bid. Sales: 722.

φGold—June 162.70 (164.20), July 163.40 (164.60), Aug. 164.40, Oct. 168.00 Dec. 165.90, Feb. 171.10, April 173.40, June 175.60, Aug. 177.90, Oct. 180.10. Sales: 723.

Greasewool—Spot 134.0 nom. (same), July 132.5-137.0 (132.5), Oct. 136.0-135.0 (135.0), Dec. 137.0-139.0, March 135.0-140.0, May 135.0-142.0, July 136.0-145.0, Oct. 135.0 bid.

†Lard—Chicago loose 25 asked (25½ asked). NY drummed 31 nom. (31½ nom.).

††Maize—July 281½-282 (278-277¾) Sept. 261¾-262½ (257-256¼), Dec. 246½-246, March 252½-252¾, May 256½-256¾.

‡Platinum—July 145.20 (147.60), Oct. 146.20 (150.50), Jan. 151.80, April 155.10, July 158.20, Oct. 161.10-161.30. Sales: 292.

‡‡Silver—Spot 449.0 (448.00). June 443.20 (446.10). July 444.50 (447.50). Aug. 447.80, Sept. 451.20, Dec. 461.40, Jan. 464.40 March 471.00, May 477.50, July 483.90, Sept. 490.30. Sales: 5,030.

*Soyabeans—July 509-511 (507½), Aug. 501½ (495½), Sept. 490, Nov. 491-492½, Jan. 499½, March 507½, May 513½, July 518, Aug. 519.

bSoyabean Meal — July 124.50-124.50 (122.40) Aug. 126.00-125.50 (123.50), Sept. 127.00, Oct. 127.50, Dec. 129.50, Jan. 131.00-131.50, March 133.00-133.50.

Soyabean Oil—July 21.40-21.50 (21.50), Aug. 20.30-20.35 (20.35), Sept. 19.65, Oct. 19.10-19.00, Dec. 18.40-18.45, Jan. 18.15, March 18.00, May 17.95-18.00, July 17.75-17.65, Aug. 17.40-17.60.

Sugar—Spot 12.75 (13.15). July 12.90-13.00 (12.70) Sept. 12.50-12.35 (12.20), Oct. 12.35-12.30, Jan. 12.34 nom., March 12.40-12.25, May 12.28 nom., July 12.20, Sept. 13.00-12.15, Oct. 12.02-12.15. Sales: 3,472.

Tin—320.50-371.00 asked (320.50-371.00 asked).

**Wheat—July 305¾-304½ (298-297), Sept. 311-310½ (303), Dec. 320½-321½, March 330½, May 335½.

WINNIPEG, June 16. ††Rye—July 215¼ bid (216½) Oct. 215 bid (213½ asked), Dec. 210½ bid, May unquoted.

cOats—July 162½ bid (same), Oct. 150½ (149½ bid), Dec. 145 bid, May unquoted.

§Barley—July 234½ (233½ bid), Oct. 211 bid (208½ bid), Dec. 206 bid, May unqtd.

dFlaxseed—July 759 bid (780 bid), Oct. 760 (742 bid), Nov. 730 bid, Dec. 710 bid, May 665 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 460½ (460½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. †Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. NY. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.5 per cent. purity delivered NY **Cents per bushel ex-warehouse. 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse. 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse. 1,000-bushel lots. φ $'s per troy ounce, 100-oz. lots.

STOCK EXCHANGE REPORT

Fresh fall in equities as sterling weakens further

Index down 4.9 at 330.6, after 327.8—Gilts uncertain

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 2	Jun. 12	Jun. 13	Jun. 24
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The fresh slide in sterling coupled with the continuing threat of a national railway strike set the seal for another depressing day in stock markets. British Funds lead the way down in the initial stages, but picked up to close without much alteration after showing losses extending to ½. However, the tone in the late dealings was most uncertain and tending easier; the earlier partial recovery was stimulated by news of the Government's fresh moves to avert the railway strike.

It was a similar story in leading equities but, unlike gilt-edged, the rally was only half-hearted and closing losses still ranged to 6. The FT 30-share index touched its lowest at 11 p.m. with a fall of 7.7 and ended a net 4.9 off at 330.6 for a loss of 10 points over the last two trading days. As on Monday, the reaction took place on a very low level of turnover—official markings of 3.698 comparing with 5,859 on Monday, and 6,833 a week ago—and selling was usually for only small amounts of stock.

Falls in second-line equities were fairly modest as seen in the loss of only 0.7 per cent. to 144.52 in the FT-Actuaries All-share index.

Gilts fluctuate

The fresh weakness in sterling began to worry the market again in British Funds and, coupled with the rail dispute, a factor which had tended to inhibit business, losses approaching ½ ensued. However, on later reports of a new attempt to resolve the rail dispute a rally resulted in the losses among medium/longs being erased and those at the short end of the market being reduced to 1/16. Corporations made little recovery and closed ¼ down in places.

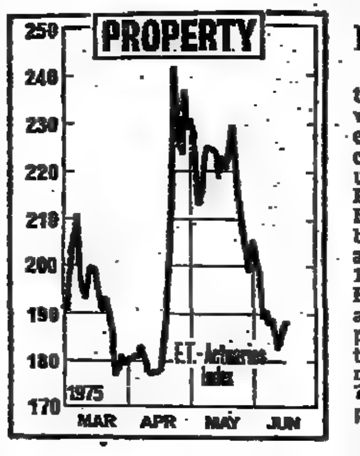
Slightly more business was traded in the investment currency market and the premium rose to 92½ per cent. before reacting rather quickly in the last hour or so to 89¾ per cent., a net loss of 1¾ points. Yesterday's SE conversion factor was 0.5999 (0.5980).

Stockjobbers Akroyd and Smithers made a quiet debut yesterday following the introduction: after opening at 172p, the 25p shares drifted down to close at 168p.

As buyers continued to remain on the sidelines, the big four Banks drifted lower on lack of support. Barclays, 305p, and Midland, 275p, lost 5 as did Lloyds and National Westminster to the comon level of 255p. Bank of Ireland, 440p, gave back the previous day's Press-inspired gain of 10. Overseas issues gave ground where changed with Bank of New South Wales 15 lower at 605p and National Bank of Australasia 7 off at 243p. Small demand in a thin market helped Leopold Joseph improve 10 to a 1975 "high" of 210p in merchant banks.

Insurances tended easier in light trading and falls of 5 were commonplace. Commercial Union lost that much to 174p as did Eagle Star, 124p, and Phoenix, 225p.

Still reflecting a probable bid for the company from Whitbread, Long John International improved further to touch a 1975 "high" of 178p before closing 4 up on balance at 172p for a two-day jump of 30; Whitbread "A" cheapened 1½ to 62½p in front of to-day's preliminary results. Teacher (Distillers) found support and rose 8 to 190p but Distillers receded 2 to 137p. In irregular Breweries, Arthur Guinness gave up 3 to 106p ahead of to-day's interim figures, while Allied ran back 2½ to 67p.



Redland closed 2 cheaper at 84p, after 83p, following news of the proposed £7.5m. "rights" issue. Geo. Wimpey, at 126p, gave up 3 of the previous day's rise of 5, while similar losses were sustained by R. Costain, 207p, and Tarmac, 127p. Burnett and Hallamshire, however, moved against the trend and finished 3½ to the good at 48p.

Chemicals made a lacklustre showing. Albright and Wilson were a penny easier at 72p, while ICI, 285p, and Fisons, 403p, gave up 2 and 4 respectively, but Norsk Hydro regained 2½ points at £53. Carless Capel and Leonard were quoted ex the "rights" issue at 60p with the new nil-paid closing at 20p premium after a reasonable business.

EMI firm

A reasonable business was transacted in leading Electricals, which partially recovered from early fresh dullness. EMI, in fact, closed on a bright note at 176p, up 4, after easing further to 170p. Plessey, 71p, after 69p, and Thorn Electrical "A," 164p, after 158p, both finished unaltered on balance, while GEC ended 2 off at 124p, after 121p. Elsewhere, Comet Radiovision met profit-taking and, at 38p, lost the previous day's improvement of 4 which followed the encouraging half-time statement. Ever Ready receded 4 to 76p and the "new" 3 to 10p premium.

Leading Stores closed only slightly easier following a reasonable two-way business despite the substantial fall in retail sales in May. British Home Stores fell to 325p before recovering to end 5 cheaper on balance at 330p while Marks and Spencer were finally 2 off at 222p, after 218p and "Gussies" "A" ended unaltered at 183p, after 180p. UDS met some fairly heavy selling and closed 4 lower at 99p. Against the trend, Maple Macowards hardened 2 to 13p in response to revived speculative demand.

Engineerings were basically dull, although news items brought some relief to the trend. GKN slipped to 239p before closing a net 3 off at 241p, while Tube Investments, 256p, after 252p, and Hawker, 278p, gave up 4 apiece. Vastly improved interim figures took Record Ridgway up 3½ to 34½p. Weyburn moved up 9 to 304p for a similar reason and N. Greening were 1½ up at 28½p on Press comment concerning the Johnson and Firth Brown offer. "Rights" issue announcements saw British Steam Specialties gain 2 to 72p and GEI International finally rise to 51p, after 49p. Marginally firmer after trading news were Westland, 47p, and Triplex Foundries, 39p. Daniel Doncaster remained at 47p. Elsewhere, reports that SKF may drop its bid for Sheffield Twist saw the latter react 6 to 88p, while the calling-off of the proposed merger brought Francis Industries back 3½ to 23½p and Eva Industries 1 lower to 43p. Despite finalisation of the licensing agreement with Aida of Japan, TCK lost 3 to 80p. Charles Roberts were marked down 6 to 154p and Arthur Lee continued a weak market at 12p, down 2.

G. F. Lovell featured Foods with a leap of 9 to 18p following news of the planned offer of 11p a share in cash from the privately-owned Hills London Shops. Awaiting to-day's preliminary figures, Cavenham closed 2 easier at 134p and Tate and Lyle (interim due to-morrow) gave up 6 more at 249p. British Sugar were also on offer at 380p, down 10. Nurdin and Peacock were quoted ex the "rights" issue at 80p with the new nil-paid at 20p premium following a quiet trade. Supermarkets had Tesco 1½ harder at 48½p in front of to-day's preliminary statement.

Glaxo "new" active

Miscellaneous Industrial leaders lost further ground in mainly light trading before showing some recovery later. An active spot was provided by Glaxo new shares, which closed 9 down at 165p premium, after 161p, while the "old" came to rest 7 off at 368p, after 363p. A good business was also seen in BOC International new nil-paid "rights" shares in first-time dealings yesterday, ending at 4p premium, with the "old" 2 off at 50½p. Beecham closed unchanged at 293p, after 289p, while Reed International finished 7 down at 240p. Bowater 5 off at 165p, after 162p and Unilever 6 cheaper at 378p. Elsewhere, B. Fertleman gained 6 at 50p, benefiting from the profits expansion and proposed 100 per cent. scrip issue. Hargreaves Group responded to the preliminary statement with a rise of 4 to 38p. Dundee Crematorium moved up 15 to 190p in a thin market, while Elbar Industrial gained 5 at 135p. However, Wedgwood followed the full report with a reaction of 7 to 166p. English China Clays softened 2 to 63 awaiting to-morrow's interim results. Losses of 10 occurred in Johnson Matthey, 273p, and Spink and Son, 107p.

Movements of note were few and far between in Motors and Distributors. Associated Engineering were notably dull, the Ordinary closing 2½ easier at 53½p and the new nil-paid finishing 3 cheaper at 10p premium, after 9p.

Newspapers were uneventful and scarcely worth mentioning, although Bristol Post were lowered 4 to 56p. Similar circumstances existed in Paper/Printings where Bunzl Pulp eased 2 to 91p.

Land Secs. please

Land Securities were heartened by the results and property revaluation and advanced 10 to 181p. The news helped sentiment a little in other leading Properties, where Amalgamated Investment and Property closed 1½ better at 40½p. Elsewhere, better-than-expected results brought a rise of 7 to 214p in Great Portland Estates; while Haslemere Estates, awaiting tomorrow's results, gained 6 at 216p. Country and New Town Properties put on 1 to 19½p in response to higher profits, and the preliminary statement left Property Holding and Investment 3 firmer at 218p. Chown Securities rose 6 more to 25p on further speculative buying in a thin market, while Imry Property improved 10 to 215p. Nolton Estates, however, lost 4 to 43p and, following the full report, Metro Town and Central Properties shed 1 to 9p.

A report that Libya was to charge less for crude oil injected steadiness into the Oil share market without creating much by way of trade. British Petroleum drifted back to 517p before a close of 3 higher on balance at 523p, while Shell ended a penny harder at 317p, after 314p. Burmah managed to recoup an early fall of 2 and then improved late to 32p for a net gain of 1. Wall Street influences continued to override the effects of a lower investment premium in Royal Dutch, which put on ⅜ more to £28.

Overseas Traders displayed a softening tendency, but South African Distilleries and Wines improved 5 to 305p. S. and W. Berisford, 154p, lost half of the previous day's gain of 4; the interim results are due tomorrow. Harrisons and Crosfield receded 12 to 325p.

Mixed price movements were the order of the day in Trusts and Financials. Bishopsgate Property and General Investments hardened 3 to 50p and Lubok 12 per cent. Convertible rose 5 points to £165. Alliance, however, declined 8 to 186p and Dalgety lost 5 to 198p.

With the exception of British and Commonwealth which improved 8 to 161p, Shippings continued to drift lower on lack of support and P & O Deferred eased 2 to 97p.

Coats Patons became a firm feature in irregular Textiles, rising 4 to 49p on the Board's dividend proposals. Further consideration of the results helped Bulmer and Lumb and Atkins Bros. (Hosiery), both 3½ up at 21½p and 32p respectively. Tomkinsons, however, receded 2 more to 48p on the first-half profits setback. "Snia-Viscosa" were marked down 12 to 185p in sympathy with the sharp decline on the Milan Exchange following the big Communist advance in the elections.

Tobacco leaders were virtually ignored and closed easier for choice. Bats shed 7 to 323p and Imps 2 to 58p, while Rothmans International (results due July 1) shaded 1 to 24½p.

Platinums jump

Despite the still depressed state of the metal market, Platinum shares responded to a good demand from the Cape which lifted some prices to new "highs" for the year. Of the Rustenburg holding companies, Unions jumped 15 to 175p and Potgietersrust moved up 8 to 226p. The Impala holding company, Bishopsgate, rose [illegible] a 1975 "high" of 100p.

Gold shares tended to [illegible] lower at first under adverse influences from the U.S. coupled with that of an easier morning fixing price for gold of $163.25 [illegible] ounce. The sharemarket subsequently picked up in line [illegible] bullion, which closed 25 [illegible] higher on the day at $164.25.

Share prices closed with mixed movements on balance which left the Gold Mines index virtually unchanged at 370. Of the [illegible] President Steyn came back to [illegible] before closing ½ down, at [illegible] two miners have been killed [illegible] three others injured in a pressure burst at the mine.

Financials moved narrowly [illegible] the most part. Selection Trust [illegible] 20 to 640p but Amgold improved ½ to £41 on the higher half-year profits and dividend. Coppers were firmer in line with the metal price. Zambia's Roan Consolidated rose 20 to 300p.

Weak markets overnight [illegible] Melbourne and Sydney were reflected in prices here [illegible] Australian mining issues. Poseidon dropped 40 to a year's low [illegible] 370p following news of the [illegible] for-one "rights" issue.

This does not affect Western Mining which holds a 56 per cent stake in the Windarra [illegible] operation but not in the Poseidon company. Western Mining, however, lost 13 to 157p on the [illegible] for-two share offer for Great Boulder; the latter rose 2 to [illegible] Peko-Wallsend fell 35 to [illegible] Elsewhere, Murchison jumped [illegible] to 730 on Cape demand.

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 13	June 12	June 11	June 10	A year ago
Government Secs.	58.09	58.14	58.22	57.66	57.60	58.33	[illegible]
Fixed Interest	57.54	57.59	57.43	57.22	58.91	58.17	[illegible]
Industrial Ordinary	330.6	335.5	340.6	334.7	334.2	339.8	[illegible]
Gold Mines	370.0	369.4	379.9	396.4	376.7	374.9	[illegible]
Ord. Div. Yld. %	6.09	6.00	5.83	5.92	5.94	5.83	[illegible]
Earnings Yld. % (full) (a)	17.99	17.75	17.45	17.73	17.80	17.45	[illegible]
P/E Ratio (net) (a) (b)	7.95	8.04	8.18	8.05	8.08	8.18	[illegible]
Dealings marked	5,698	5,859	6,334	6,706	6,729	6,833	[illegible]
Equity turnover £m.	—	48.66	82.58	77.73	69.26	74.37	[illegible]
Equity bargains total	—	14,266	18,062	18,460	15,283	19,136	[illegible]

10 a.m. 332.1. 11 a.m. 327.8. Noon 328.4. 1 p.m. 329.2. 2 p.m. 330.8. 3 p.m. 331.1.

Latest Index 01-246 8026. † Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.68.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (6/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 17	June 16
Daily—		
Gilt-Edged	156.4	121.4
Industrials	199.1	200.1
Speculative	60.0	[illegible]
Totals	130.0	133.3
5-day Av'ge		
Gilt-Edged	153.2	136.1
Industrials	215.0	220.2
Speculative	53.0	[illegible]
Totals	142.5	142.5

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section.

	EQUITY GROUPS / GROUPS & SUB-SECTIONS	Tuesday, June 17, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday June 16 Index No.	Friday June 13 Index No.	Thurs. June 12 Index No.	Wed. June 11 Index No.	Year ago (approx) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	120.73	−1.2	19.43	6.61	7.62	7.62	122.30	121.75	119.56	121.26	96.07	131.26 (6/6)	51.78 (6/1)	206.57 (4/6/72)	15.70 (13/12/74)
2	Building Materials (30)	102.72	−1.6	19.36	7.62	7.94	7.93	104.25	103.05	101.02	102.94	97.17	112.40 (22/4)	46.11 (6/1)	233.84 (26/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	227.23	−1.6	17.07	5.92	8.75	8.75	230.85	225.41	225.42	227.81	157.96	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	218.35	−0.6	17.24	5.41	8.35	8.35	219.77	222.53	214.88	216.38	175.04	234.64 (6/6)	86.45 (2/1)	450.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	144.37	−1.4	24.34	7.49	6.22	6.22	146.49	146.69	142.54	144.12	105.11	159.79 (22/4)	64.39 (2/1)	202.57 (8/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	106.65	−1.2	20.57	7.51	7.13	7.12	107.96	107.15	106.14	108.40	79.42	117.40 (6/6)	46.45 (6/1)	168.59 (4/5/72)	46.45 (6/1/75)
7	Machine and Other Tools (11)	42.13	−1.8	14.57	8.45	12.39	12.39	42.89	42.21	42.41	42.32	32.96	48.98 (20/5)	20.11 (3/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	110.47	−1.5	22.76	7.08	6.41	6.41	112.11	112.00	111.91	115.94	89.21	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	86.27	−0.8	21.15	7.12	7.02	7.00	86.95	86.46	85.62	87.80	81.76	93.15 (6/6)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	98.74	−0.8	20.48	5.25	7.11	7.10	99.55	98.91	97.11	99.15	94.60	106.34 (6/6)	44.28 (6/1)	257.41 (19/5/72)	42.88 (13/12/74)
11	Household Goods (15)	132.25	−0.7	21.91	6.07	4.52	4.52	133.18	133.96	134.46	137.17	138.92	146.90 (23/4)	64.53 (6/1)	[illegible] (4/5/72)	[illegible] (17/12/74)
12	Motors and Distributors (29)	47.27	−0.8	17.45	9.44	6.95	6.89	47.65	47.19	47.04	47.99	41.96	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	136.55	−0.8	14.79	5.98	9.65	9.60	137.84	137.10	134.80	131.55	102.21	146.45 (6/6)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (18)	151.09	−2.7	13.24	5.57	11.30	11.30	155.35	152.62	150.27	153.29	119.01	163.85 (6/6)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	162.81	−0.7	13.85	5.77	10.65	10.65	164.14	162.51	159.94	156.10	125.56	176.45 (6/6)	80.42 (6/1)	257.40 (13/7/72)	78.52 (13/12/74)
16	Entertainment, Catering (16)	148.67	+0.1	15.06	7.36	9.87	9.87	148.41	145.13	143.09	144.02	113.33	156.44 (27/3)	55.25 (6/1)	329.99 (12/12/72)	54.83 (6/1/75)
17	Food Manufacturing (22)	145.86	−1.1	14.19	5.56	9.65	9.60	146.47	148.74	145.57	145.82	103.17	156.57 (6/6)	62.05 (2/1)	211.66 (14/11/72)	59.67 (11/12/74)
18	Food Retailing (16)	137.59	−0.5	11.38	4.55	13.00	13.00	137.75	136.30	134.67	136.57	92.24	149.17 (4/6)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	140.61	−1.2	18.99	6.90	8.86	8.86	142.32	142.46	140.21	142.42	123.40	[illegible] (6/6)	56.06 (6/1)	280.29 (13/1/72)	55.03 (6/1/75)
20	Packaging and Paper (13)	97.04	−0.7	24.85	7.04	5.94	5.94	97.69	97.75	96.57	97.89	71.36	107.12 (20/5)	43.46 (6/1)	135.60 (28/4/72)	43.46 (6/1/75)
21	Stores (30)	119.85	−1.2	11.51	5.41	13.01	13.01	121.37	122.22	120.77	123.95	85.08	132.94 (20/5)	52.63 (6/1)	204.39 (16/2/72)	52.63 (6/1/75)
22	Textiles (19)	137.66	+1.4	25.40	6.49	4.70	4.66	135.76	136.57	132.09	135.35	111.60	146.07 (27/5)	62.91 (6/1)	253.72 (17/3/69)	62.66 (11/12/74)
23	Tobacco (3)	189.35	−0.8	17.49	7.04	8.60	8.60	190.30	187.30	194.26	193.98	169.61	199.16 (10/3)	109.92 (6/1)	339.15 (22/2/72)	94.34 (15/6/62)
24	Toys and Games (6)	41.66	—	30.31	7.40	4.61	4.61	41.66	41.49	40.65	42.05	37.15	44.06 (6/6)	20.92 (6/1)	136.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (24)	177.06	−0.8	19.67	5.11	7.20	7.20	178.57	179.65	176.61	178.96	127.60	189.17 (6/6)	73.14 (6/1)	301.98 (21/1/69)	71.20 (11/12/74)
26	Office Equipment (10)	88.30	+0.1	16.18	6.01	8.32	8.32	88.20	87.46	88.74	89.80	99.98	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	345.22	−1.2	23.15	6.96	5.62	5.34	349.43	350.17	343.30	351.07	381.72	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	141.66	−0.8	18.62	6.91	7.76	7.76	142.77	142.44	139.90	141.98	114.64	153.58 (6/6)	60.39 (6/1)	258.85 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	133.08	−0.8	17.35	6.15	8.29	8.26	134.33	134.02	131.84	133.71	104.42	143.48 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	286.16	+0.8	25.53	5.27	4.20	3.92	286.00	285.00	280.95	277.15	199.92	296.47 (4/6)	105.83 (2/1)	431.66 (29/5/69)	87.23 (23/6/62)
31	500 SHARE INDEX	146.05	−0.7	18.61	6.01	7.28	7.06	147.05	146.66	144.32	145.76	112.23	156.14 (6/6)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	138.10	−0.7	—	5.22	—	—	139.06	138.17	137.65	136.99	100.07	148.45 (20/5)	56.50 (6/1)	341.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	168.80	−1.3	22.32	4.75	6.67	6.67	169.06	166.79	167.56	162.93	119.08	177.11 (6/6)	62.56 (2/1)	288.38 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	148.47	+0.5	—	8.11	—	—	148.04	147.72	149.19	149.19	131.02	169.27 (7/3)	84.13 (6/1)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.07	+0.9	27.41	10.06	4.86	4.45	90.32	91.64	87.87	87.87	138.72	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	110.11	−1.0	—	6.20	—	—	111.20	110.77	110.41	110.41	81.82	127.97 (25/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	113.00	−0.8	—	6.83	—	—	113.86	112.36	112.04	111.25	66.16	123.90 (20/5)	44.47 (2/1)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	193.94	−0.7	10.49	4.37	14.17	14.17	195.29	193.51	198.28	196.28	138.14	211.50 (20/5)	68.96 (7/1)	262.57 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (19)	85.04	−0.8	—	7.42	—	—	85.74	86.28	85.80	86.16	91.85	94.97 (7/3)	31.21 (7/1)	278.57 (1/6/72)	31.21 (7/1/75)
40	Property (32)	185.97	+1.6	3.86	3.14	36.26	36.91	186.23	184.06	183.27	185.65	129.12	241.22 (22/4)	56.19 (7/1)	357.40 (6/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	73.74	+0.5	15.53	8.89	10.77	10.64	73.38	73.05	72.84	72.81	82.69	76.76 (25/4)	34.78 (10/1)	303.13 (19/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	166.30	−1.6	3.06	4.19	32.82	32.83	168.85	168.34	166.95	168.05	115.73	178.53 (6/6)	73.43 (6/1)	345.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	144.52	−0.7	—	5.74	—	—	145.59	145.10	143.21	144.10	109.10	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	434.31	−1.7	12.23	7.76	9.69	9.27	451.66	440.52	454.66	468.39	347.68	585.43 (25/5)	281.66 (2/1)	865.37 (23/7/73)	84.66 (25/8/65)
45	Teas (10)	96.88	−0.4	19.88	9.88	6.40	5.91	97.29	97.56	96.72	96.56	98.40	97.56 (13/6)	76.76 (16/1)	121.47 (1/6/72)	69.72 (17/10/74)
46	Coppers (3)	403.36	+2.5	48.69	18.72	2.05	2.05	394.29	394.29	403.36	393.56	383.60	467.74 (27/5)	374.38 (22/1)	887.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	129.66	−1.7	9.40	4.08	11.59	11.56	131.89	134.09	134.19	131.76	94.40	141.34 (30/5)	80.58 (22/1)	175.90 (25/4/69)	66.31 (30/9/74)
48	Tins (8)	102.47	−2.2	9.95	8.09	12.94	11.12	104.83	104.77	105.12	104.99	84.51	114.49 (3/6)	58.91 (6/1)	126.45 (12/1/73)	64.85 (27/6/71)
49	Overseas Traders (13)	219.69	−1.1	15.95	4.11	7.97	7.95	222.16	221.71	218.20	220.23	—	253.25 (20/5)	97.37 (6/1)	252.25 (30/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, June 17 Index No.	Yield %	Monday June 16	Friday June 13	Thurs. June 12	Wed. June 11	Tuesday June 10	Monday June 9	Friday June 6	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.71	14.70	14.68	14.90	14.88	14.67	14.66	14.54	14.82	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.24	‡15.71	47.26	47.35	46.63	46.65	47.45	47.52	47.80	49.94	53.09 (20/5)	38.27 (2/1)	115.48 (11/3/62)	38.87 (6/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.74	‡16.07	45.75	45.70	45.77	46.11	46.24	46.24	46.25	46.58	50.68 (21/3)	37.01 (6/1)	113.48 (25/10/63)	37.01 (6/1/75)
4	Investment Trusts Prefs. (15)	41.68	16.67	41.59	41.92	41.87	42.29	42.29	42.24	42.19	43.96	46.67 (25/3)	35.35 (5/1)	114.41 (15/9/63)	34.45 (9/12/74)
5	Coml. and Indl. Prefs. (20)	58.08	16.20	57.70	58.42	58.61	58.35	59.34	59.37	59.29	58.17	66.99 (20/3)	48.35 (6/1)	114.95 (7/1/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	120.86
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Exel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 19p. Foreign 22p.

DENOMINATIONAL CHANGE: Associated Biscuit 4pc Cumulative Preference has been denominated 3.48pc Cumulative Preference.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Glaxo 'New'	Nil/pd.	20	165*	−9	193*	156*
ICI	£1	15	285	−2	302	118
Midland Bank	£1	11	275	−5	305	122
Ever Ready 'New'	Nil/pd.	10	10*	−3	16*	7*
Marks & Spencer	25p	10	222	−2	256	85
Shell Transport	25p	10	317	+1	343	118
Land Securities	50p	9	181	+10	251	79½
Assc. Engineering	25p	8	53½	−2½	63	17½
Coats Patons	25p	8	49	+4	58	23½
Distillers	50p	8	137	−2	149	65½
Cons. Gold Fields	25p	8	251	−3	290	188
Pru. Assur. 'New'	Nil/pd.	8	15*	—	23*	14*
Bats	25p	7	323	−7	338	164
P & O Dfd.	£1	7	97	−2	128	59½
RTZ	25p	7	182	−4	211	80

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 10	Jun. 23	Sept. 4	Sept. 16
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14

"Calls" were dealt in J. Brown, Siebens Oil and Gas, ICI, Charterhall Finance, Fraser Ansbacher and GRA Property Trust. A "put" was done in Tricentrol and "doubles" were arranged in Burmah Oil and ICI.

Industrials		Grand Met.	9	Slater Walker	15		
		G.U.S. 'A'	30	Spillers	7	Mines	
A. P. Cement	20	Guardian	20	Tesco	6	Anglo Amer.	50
Assoc Leisure	5	G.K.N.	28	Thorn 'A'	20	Broken Hill Pty	75
Barclays Bank	35	Hawker Sidd.	30	Tube Invest.	30	Charter Cons.	22
Beecham	28	House of Fraser	10	Unilever	40	Chart'h'll Fin.	8
Boots Drug	24	Hudson (Wilm)	5	Utd. Drapery	12	Cons Gold	25
Bowaters	20	I.C.I.	24	Vickers	16	De Beers Def.	25
B.A.T.	45	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	1½	I.C.L.	7			Great Boulder	12
British Oxygen	5	Invereak	10	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
Courtaulds	14	"Lots"	7	Int. Europe	7	Lonrho	19
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	55
Distillers	15	Markst Sp'ncer	25	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	6	Poseidon	55
Eagle Star	16	Nat West Bank	30	Town & Comm.	7	Pres. Steyn	275
E.M.I.	20	P & O Dfd.	15			Rio T. Zinc	30
First National	5	Plessey	10	Oils		Welkom	55
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	25	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	Reed Int'l	28	Shell	30	Zambia Copp	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (25)

BRITISH FUNDS (2)
Exch. 9pc '69-75 Elect. 3pc '74-77
AMERICANS (1)
Saul (B. F.)
BANKS (1)
Joseph (Leo)
BEERS (2)
Amal. Dist. Prods. Long John Int.
Buckley's Brew.
BUILDINGS (3)
Aberdeen Constr. Brith
Burnett Hallamshire
ENGINEERING (2)
British Steam Spec. Greening (N.)
FOODS (1)
Romportex
INDUSTRIALS (4)
Fertleman (B.) Silentnight
Hargreaves Watsham's
PROPERTY (1)
Allied London
TEXTILES (2)
Bulmer & Lumb Snia Viscosa Prfs.
Reed (Wm.)
OILS (1)
Berry Wiggins
MINES (2)
Bishopsgate Plat. Waterval
Lydenburg Plat.

NEW LOWS (7)

INDUSTRIALS (2)
Agar Cross Bellair Cos.
PAPERS (1)
Brunning Group
MINES (4)
East Dagga Metals Ex.
Gold Mns. Kalgoorlie Poseidon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	32	30
Corpns. Dominion and Foreign Bonds	3	16	53
Industrials	228	409	1,111
Financial and Prop.	60	162	353
Oils	5	7	20
Plantation	—	11	37
Mines	37	99	75
Recent Issues	8	22	32
Totals	335	727	1,720

BASE LENDING RATES

AFI International ...... [illegible]
Allied Irish Banks Ltd. [illegible]
Anglo-Portuguese Bank 10 %
Henry Ansbacher ...... [illegible]
Banco de Bilbao ...... [illegible]
Banco de Jerez ...... [illegible]
Bank of Cyprus ...... 10 %
Banque du Rhone S.A. 10 %
Barclays Bank 9½%
Barnett, Christie Ltd.... 11 %
Bremar Holdings Ltd. 10½%
Brit. Bank of Mid. East 9½%
■ Brown Shipley 10½%
Cayzer, Bowater Co. Ltd. 10½%
Cedar Holdings ...... 10 %
■ Charterhouse Japhet ... 10½%
C. E. Coates 10½%
Consolidated Credits ... 12 %
Continental Trade Bk. 9½%
Co-operative Bank *9½%
Copleys Bank 11½%
Corinthian Securities ... 9½%
Credit Lyonnais 9½%
G. R. Dawes 10½%
Duboff Brothers 11½%
Duncan Lawrie 10½%
English Transcont ... 11½%
First London Secs. ... 9½%
■ Antony Gibbs ...... 10 %
Goode Durrant Trust... 10 %
Greyhound Guaranty ... 9½%
Grindlays Bank ...... 10 %
■ Guinness Mahon 10½%
■ Hambros Bank 9½%
Hawtin & Partners ... 13 %
■ Hill Samuel ...... †10 %
C. Hoare & Co. ...... †9½%
Julian S. Hodge 10½%
Industrial Bank of Scot. 9½%
Jacobs. Kroll 11½%
Keyser Ullmann 10½%
Kinghurst Securities ... 12 %
Lloyds Bank 9½%
London & European ... 11½%
London Mercantile ... 11½%
Midland Bank 9½%
■ Samuel Montagu 9½%
■ Morgan Grenfell 9½%
Morris Wigram Ltd. ... 10½%
National Westminster 9½%
Northern Comm. Trust 11½%
Norwich General Trust 10 %
Portman Guaranty ...... 11 %
P. S. Refson & Co. 9½%
Rossminster Accept'cs 9½%
Royal Trust of Canada 10½%
E. S. Schwab 11½%
Security Trust Co. Ltd. 11 %
Shenley Trust 9½%
Standard & Chartered [illegible]
Sterling Credit [illegible]
Stewart Salmon & Co. [illegible]
Thames Guaranty [illegible]
Trade Development Bk. [illegible]
Twentieth Century Bk. [illegible]
United Bank of Kuwait [illegible]
Wallace Brothers Bank [illegible]
Whiteaway Laidlaw [illegible]
Williams and Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%, 1-month deposits 8½%.
† 7-day deposits on sums of £10,000 and under 8%, up to £25,000 [illegible] and over £25,000 [illegible].
‡ Deposit Rate [illegible].
§ Demand deposit [illegible].

CORAL INDEX
Close [illegible]

I.G. INDEX
GOLD [illegible]

INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]
† Address [illegible]
Property [illegible]

MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Day-to-day credit was in free supply in the London money market yesterday, and the authorities again sold a moderate amount of Treasury bills to Discount houses, in order to absorb surplus funds. Short-term interest rates showed modest falls in some cases, and the one-month sterling certificate yield, for instance, eased to 9¼-9⅝ per cent., from Monday's 9½-9¾ per cent., but the three-month yield was unchanged at 9⅝-9¾ per cent. as was the 12-month, at 10¼-10⅜ per cent.

The market faced a net take-up of Treasury bills, and there was a rise in the note circulation, while gilt-edged settlements again ran to some extent against the market's favour. Government disbursements, on the other hand, were in excess of revenue transfers to the Exchequer, with settlements on local authority account a particularly important factor carrying money into the market.

Discount houses paid up to 8½ per cent. in places for secured call loans at the start, but found balances in the earlier part commonly at 7½ per cent., and took late balances at 5½-7½ per cent. In the inter-bank market, the overnight loan rate was commonly in a range of about 6-8½ per cent.

Rates in the table below are nominal in some cases.

June 17 1975	Sterling Certificate of deposits	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	6-8¼	—	—	—	8-9	5½-8¼	—	—	—
2 days notice	—	—	8-8⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	8½-8⅝	8¾-9	—	9½-10	—	8½-8⅝	—	—	—
One month	9¼-9⅝	9⅝-9½	9-9⅛	10¼-9⅝	9⅝-10⅛	—	8¾-9	9⅜-9¼	9⅝-9⅛	9⅝-11
Two months	9½-9⅝	9⅝-9½	—	10¼-9⅛	9⅞-11	—	9⅛-9¼	9¼-9⅝	9½	10-11
Three months	9⅝-9⅛	9⅛-9⅝	9⅝-9⅝	10¼-9⅛	10-11	—	9¼-9⅝	9⅝-9⅛	9⅝-9⅝	10-10⅜
Six months	10-9⅞	9⅞-10	10	10¼-9⅛	—	—	—	—	9⅞-10	10¾-11¼
Nine months	10⅛-10⅜	10⅛-10⅛	—	11-10⅛	—	—	—	—	—	—
One year	10¾-10⅝	10⅝-10⅝	11⅛-11⅛	11⅛-11	—	—	—	—	—	—
Two years	12-11⅛	11¼-12⅛	13-13⅛	—	—	—	—	—	—	—

*Local Authority and finance houses seven days' notice; others seven days fixed. * Long-term local authority mortgage rate nominally three years 13⅞ per cent.; four years 14-14⅛ per cent.; five years 14-14⅛ per cent. ф Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9⅞-9¼ per cent.; and four-month trade bills 1[illegible] per cent. Approximate selling rates for one-month Treasury bills 9-9⅝ per cent.; two-month 9[illegible] per cent.; three-month 9[illegible] per cent. Approximate selling rates for one-month bank bills 9¼-9⅛ per cent.; for two-month 9⅛ per cent.; and three-month 9[illegible] per cent.; for one-month trade bills 9½-10 per cent. two-month 9⅞-10 per cent.; and three-month 9⅞-10⅛ per cent.

Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Banks Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4149 per cent.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share ...ices previously shown under regional headings is presented below with quotations ... London. Irish issues, most of which are not officially listed in London, are ...own separately and with prices as on the Irish exchange.

...bury Inv. 20p	15	......	Gardner (L.)	60	......	Shiloh Spinn.	23	......
...h Spinning	34	......	Graig Ship. £1	470	......	Sindall (Wm.)	45	......
...rtam	15	......	Hallam Sleigh 10p	9	......	Vincent (H.)	63	......
...ady (G.) 'A'	51	......	Higsons Brew.	65	......			
...g'wtr. Est. 50p	£125	......	I.O.M. Stm. £1	118	......	**IRISH**		
...wer Croft	35	......	Holt (Jos.) 25p	185	......	Alliance Gas (£1)	51	......
...aig & Rose £1	312	......	Kleen-e-Ze	30	......	Carroll (P. J.)	112	......
...indee Ice £1	295	......	Lovell's Ship £1	130	......	Clondalkin	59	......
...son (R.A.)	31	......	N'thn. Goldsmith	65	......	Concrete Prods.	72	......
...lis & McHdy.	57	......	P.M.A.	38	......	Goodbody (£1)	32	......
...ans Fr'k. 10p	30	......	Pearce (C. H.)	60	......	Heiton (Hldgs.)	59	......
...ored	13	......	Peel Mills	18	......	Irish Distillers	56	......
...le Forge	48	......	Richards 10p	6	+1	Irish Wire	40	......
...nlay Pkg. 5p	16	......	RobbCaledon5p	43	......	Jacob	52	......
...ot & Reed 50p	90	+2	Sayers 12½p	9p	......	Sunbeam	13	......
...rdiner & Sons	11½	+½	Sheff. Refrshmt.	150	......	Unidare	68	......

Air for Scapa Flow car ferry

...E GOVERNMENT is to give a ...ant for terminals and for a new ...l-on, roll-off vessel to serve ...apa Flow and the south Isles of ...kney. The terminal facilities ...ll cost £300,000.

In a letter to Mr. Jo Grimand, ...P., *Mr. Bruce Millan, Minister of* ...ate at the Scottish Office, says ...at plans for the future and ...odernisation of the shipping ser...es in Scapa Flow are neces...ry and he stresses that "this ...ust be developed locally and ...ust command local support."

A recent consultants' report ...ggested a vehicle ferry service ...king the oil-terminal Isle of ...otta, the Isle of Hoy and Houton on the Orkney mainland. But there have been petitions to the Secretary of State for Scotland from the Isle of Graemsay and also from the Port of Stromness saying that they too should be includede in the proposed service.

RUSH FOR COLOUR TV LICENCES

About 36,000 people obtained premature colour television licences to beat the increased licence fee, the Minister of State, Home Office, Mr. Alex Lyon, said in a Commons written *reply to* Mr. Hugh Dykes (C., Harrow E).

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	90¾	Savings 3pc '65-75‡‡	99	+⅛	3.03	9.37
99½	94⅞	Exch 6½pc 1976‡‡	98⅛	......	6.62	9.22
97¼	92⅞	Treasury 6½pc 1976‡‡	96⅞	......	6.71	9.40
99	97	Victory 4pc 1976‡‡	99	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	100⅝	−⅛	10.43	10.02
95	88⅞	Treasury 6¼pc 1977‡‡	94⅝	−⅛	6.60	9.66
92⅛	86¾	Electric 3pc '74-77	92⅛	+⅛	3.25	7.91
103⅞	96⅞	Treasury 11½pc '77‡‡	102⅛	−⅛	11.26	10.37
88⅝	84	Treasury 3pc '77‡‡	87¼xd	......	3.44	9.05
89⅞	84½	Transport 4pc '72-77	88⅜xd	−⅛	4.53	9.30
96⅞	90½	Treasury 9pc 1978‡‡	95⅛	−⅛	9.43	10.93
100⅞	96⅝	Treasury 10½pc '78‡‡	98⅞xd	−⅛	10.63	10.97
87⅞	79	Exchequer 5pc '76-78‡‡	85⅜	......	5.85	10.33
103	94⅞	Treasury 11½pc '79‡‡	100⅞	−⅛	11.41	11.19
79⅜	71⅞	Treasury 3pc '79‡‡	78	......	3.84	9.35
81	73⅞	Electric 4¼pc '74-79	79½	......	5.34	10.28
100⅛	96	Treasury 10½% '79‡‡	97⅞	−⅛	10.73	11.12
79⅜	71	Electric 3½pc '76-79	78	+⅛	4.49	9.74
95	84	Treasury 9pc 1980‡‡	92⅞	−⅛	9.69	10.95
95⅛	95	Treasury 9½pc '80‡‡	95	−⅛	10.00	10.84
79	68¾	Treasury 3½pc '77-80	75½	......	4.63	9.82
84½	71	Funding 5¼pc '78-80‡‡	79¾xd	......	6.58	10.56
		Five to Fifteen Years				
75½	66⅛	Treasury 3½pc '79-81	73¼	......	4.85	10.09
91⅛	72⅞	Do 8¼pc '80-82‡‡	85¼xd	......	9.90	11.63
104⅛	86⅝	Treasury 12pc 1983‡‡	102⅛	......	12.10	12.16
78	58	Funding 5½pc '82-84‡‡	70¾xd	......	7.73	10.73
85¼	61⅞	Treasury 8½pc '84-86‡‡	78xd	......	10.82	12.07
73¾	51⅞	Funding 6½pc '85-87‡‡	67⅛	......	9.81	11.86
76¼	53	Treasury 7¾pc '85-88‡‡	71¾	......	11.28	12.81
46⅛	32⅞	Transport 3pc '78-88	41⅞xd	......	7.14	11.84
55¼	39⅜	Treasury 5pc '86-89	50⅞	......	10.00	12.63
		Over Fifteen Years				
75½	53¾	Treasury 8¼pc '87-90‡‡	66⅝	......	12.39	13.50
55¾	41⅞	Funding 5¾pc '87-91‡‡	51⅞	......	11.34	13.27
97½	85⅞	Treasury 12½pc '92‡‡	86½xd	......	14.30	14.49
54½	40½	Funding 6pc 1993‡‡	49¾	......	12.45	13.84
75¼	54⅞	Treasury 9pc '94‡‡	65⅞	......	13.93	14.48
34⅞	24⅛	Gas 3pc '90-95	30⅝	......	9.92	12.69
102	75	Treasury 12¾pc '95‡‡	89⅛	−⅛	14.50	14.60
71⅛	54½	Treasury 9pc '92-96‡‡	66⅛	......	14.11	14.56
32¾	26½	Redp. 3pc '86-96	30¼	......	10.13	12.54
69½	55¼	Treasury 8¾pc 1997‡‡	64¼	......	14.19	14.58
59⅞	40¾	Treasury 6¾pc '95-98‡‡	49⅞	......	13.92	14.55
75⅝	54¼	Treasury 9½pc 1999‡‡	65⅜xd	......	14.37	14.66
31⅞	22	Funding 3½pc '99-04	26⅞xd	......	12.90	13.70
61½	47	Treasury 8pc '02-06‡‡	56½	......	14.57	14.70
42⅞	33	Treasury 5½pc '08-12‡‡	39⅜	......	14.43	14.53
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	55⅝	......	14.73	14.77
		Undated				
29¾	22⅛	Consols 4pc	28	......	15.09	—
27¼	20⅛	War Loan 3½pc‡‡	24⅛	......	14.61	—
27½	22⅞	Conv. 3½pc '61 Aft.	25⅜	......	14.21	—
22	17½	Treasury 3pc '66 Aft.	20⅝	......	15.18	—
19¼	14¼	Consols 2½pc	16⅞xd	......	14.72	—
19⅛	14½	Treasury 2½pc	17¼	......	14.96	—

**INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
66¼	58	5pc Stock '77-82	66	......	7.77	12.74
96½	91⅛	8pc Stock 1976	96	......	8.33	11.91

**CORPORATION LOANS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
86½	80¼	Birm'ham 9¾pc '79-81	86	−½	11.21	13.53
92¼	87	Bristol 6½pc '75-77	91½	......	7.10	12.40
88½	82¾	Essex 5½pc '75-77	88¼xd	......	6.22	12.18
94⅞	90	G.L.C. 6¾pc 1976	94½	......	7.14	11.99
91	85	Do 7¼pc 1977	90½	......	8.01	12.38
99¾	87	Do. 12½pc 1982	98⅛	−⅛	13.13	13.59
75¼	63	Herts. 5½pc '78-80	72½	−½	7.34	13.31
90¼	83½	Liverpool 7pc '76-77	89¼	......	7.78	12.34
89½	71	Do. 9¾pc '80-84	85	......	11.59	12.78
85½	77¼	Lon. Corp. 6½pc '75-78	84½	−¼	7.69	12.61
79	66½	Do. 9¾pc '84-85	78½	−½	12.09	13.52
86¾	78¾	L.C.C. 6pc '75-78	86¼	−¼	6.95	12.21
72½	59½	Do 5½pc '77-81	68	−½	8.26	13.59
64	48	Do 5½pc '82-84	57xd	−½	9.58	13.91
58½	40¼	Do 5½pc '85-87	50	−¼	11.04	14.39
60½	42	Do 6¾pc '88-90	52xd	−¼	12.91	14.67
21¼	15¼	Do. 3pc '20 Aft.	18¾	−¼	16.11	—
88¼	82¼	Middx. 6¼pc '75-77	87½	−¼	7.13	12.28

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 66⅝% (based on $2.2890 per £)

CANADIANS

S.E. List Premium 66⅝% (based on $2.2271 per £)

Conversion factor 0.5999 (0.5980)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
56	17	Charterhall 5p	54	−½	—	—	—
115	75	Colby Mines $1	75#	......	—	—	—
760	360	Cons. Murch 10c	730	+55	Q130c	2.2	♦
53½	29½	Laurasia	37½	+1	—	—	—
19	13	NRD $1	15	......	—	—	—
375	200	Northgate C$1	220	−5	Q65c	1.8	10.0
211	80	R.T.Z.	182	−4	14.9	4.4	4.2
135	47½	Sabina Inds. C$1	85½	−4	—	—	—
70	51	Stanford Mines	67	......	—	—	—
£12½	875	Tara Explo. $1	£10½	......	—	—	—
75	38	Yukon Cons C$1	56	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ? Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES

Wednesday June 18 1975

Fresh talks on railway pay start to-day

BY ROY ROGERS, LABOUR CORRESPONDENT

FRESH negotiations to try to stave off the strike threatened from midnight on Sunday by the National Union of Railwaymen will begin to-day at the invitation of the British Railways Board.

It is assumed from British Rail's readiness to talk that the Board is now prepared to put more money on the table than the £77.5m. arbitration award which only last week they said was their "final" limit.

But it remains to be seen whether any additional money will be sucient for the NUR and the other rail unions, for although the Associated Society of Locomotive Engineers and Firemen and the Transport Salaried Staffs Association have accepted the 27.7 per cent. tribunal award they, too, will want a share in any new money

A firm indication that the BR Board is unlikely to go near meeting the NUR's demands, for increases of between 30 and 35 per cent. weighted in favour of the lower paid, came yesterday from the Prime Minister.

Answering Commons questions on the dispute, Mr. Wilson said the Government had made it clear that they could not possibly go along with the NUR claim "or negotiations related to getting anything like that claim."

"We have explained to them that although the consequences of a strike in support of that claim would be very, very costly indeed to the country—both at home and abroad and particularly for the travelling public and the movement of essential goods — the acceptance of a doctrine involving accepting their clai mwould be even more damaging," he added.

The Prime Minister's attitude indicates a session of hard bargaining beginning to-day when the BR Board will be reluctant to show its hand before it is convinced that a revised offer would be acceptable to all three unions.

The NUR's main aim is to improve the offer as it relates to the lower paid railmen. Currently on a basic of £25.65 a week plus £4.40 cost of living threshold payments, the 25,000 on this, the lowest grade, have been offered £2.65 "new money" plus consolidation of thresholds to give a basic rate of £32.70.

The NUR wants the "new money" content improved by £1.95 a week to give them similar rises to those won recently by surface mineworkers and estimates that this increase, plus consequential rises to safeguard pay differentials, would add a further £7m. to the £77.5m. offer.

A settlement on these lines would, of course, require the BR Board being prepared to inject that much more money and the other unions being satisfied with the UR's interpretation of safeguarding differentials.

BR issued its invitation to talks following a two-hour Board meeting yesterday evening. Earlier in the day NUR general secretary Mr. Sid Weighell and the union's president Mr. Dave Bowman had a brief meeting at the Commons with Employment Secretary Mr. Michael Foot, and Environment Secretary Mr. Anthony Crosland.

The two Ministers met the NUR leaders on behalf of the Prime Minister, who was tied up with other meetings, and as part of an arrangement made at last Saturday's Downing Street meeting when Mr. Wilson said he would reply to the case made by the NUR leaders.

They told Mr. Weighell and Mr. Bowman that if, as declared following a meeting of the NUR executive on Monday, they want to resume negotiations they should approach the BR Board.

State industries may be shielded from cuts

BY COLIN JONES

THE GOVERNMENT has undertaken to try to exclude nationalised industry investment programmes from any public expenditure cuts this year should these become necessary, and has promised to consider these programmes in an industrial, rather than a public expenditure, context.

This is revealed in the report of an official working party on the procedures for approving nationalised industry investment programmes which was chaired by the Treasury and released by the National Economic Development Council yesterday.

To provide a greater measure of stability in nationalised industry investment spending, the Government will endeavour to clear approval of these industries' forward programmes in the summer of each year, irrespective of progress on other parts of the annual public expenditure review.

From now on, too, this approval will extend further ahead: in addition to approval of the whole of the following year's investment programme and 80 per cent. of the programme for the second year ahead, each industry will be given firm approval of 70 per cent. of its agreed expenditure programme for the following year again. Up until now, the totals for the third (and fourth) years ahead have been regarded as planning figures only.

These changes in part reflect a desire on the part of the Chancellor of the Exchequer to sustain industrial investment in the public and private sectors during the present economic downturn

They also attempt to deal with some of the long-standing criticisms by the nationalised industries and their supplier industries of sudden Ministerial interventions in one or other aspect of the industries' operations.

Undermined

On the latter point, the proposals of the Treasury working party—which have been agreed by Ministers and which deal largely with the mechanics of investment approval procedures —go only part of the way.

This is borne out by a second report, also released yesterday, by the National Economic Development Office on the nationalised industries' relations with their suppliers.

While welcoming the working party's proposals, the NEDO report identified several other factors which have undermined the confidence of the nationalised industries and their suppliers in the figures contained in the industries' forward programmes.

The difficulties vary from one industry to another, but a common theme—particularly in the coal, steel, electricity, and railway industries — is the lack of Ministerial commitment to longer-term programmes and the absence of a bi-partisan approach to longer-term strategies.

The steel plant closure review and short-term cuts in agreed investment programmes in recent years are cited as particular cases.

The report also criticises the need for detailed project approval by many sponsoring departments, even after a whole year's programme has been approved and which, in the case of British Rail, involves projects costing £250,000 or more.

The NEDO report states that the nationalised industries do not expect their investment plans to be immune to market forces or technological changes but because of Ministerial control these influences can have a sharper and less predictable impact.

The report goes on to suggest that considerable benefits could result if these uncertainties were eased. Given a sounder basis on which to plan their own forward operations, the supplier industries could raise productivity, reduce costs, improve their export performance, and undertake a higher and more even level of investment spending.

Give Neddy a bigger role, TUC and CBI tell Ministers

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE TUC and the Confederation of British Industry yesterday proposed that the National Economic Development Council —on which they and leading Cabinet Ministers are represented — should have a co-ordinating role in the work of the National Enterprise Board and the Manpower Services Commission.

At a meeting of the council, under the chairmanship of the Prime Minister, the two sides of industry presented one of the first items they have been able to agree on for a long time—a proposal for giving more teeth to NEDC.

Deliberately eschewing all the short-term problems which were on most participants' minds—there was no discussion of inflation, the pound or the rail dispute — yesterday's meeting devoted most of its attention to the problem of ensuring that the U.K. economy enters the next economic upswing in better shape.

Mr. Denis Healey, the Chancellor, gave other NEDC members the impression he thought the world economic recovery would be later than he assumed when drawing up his April Budget.

At a Press conference afterwards, Sir Ronald McIntosh, NEDO director-general, said that "one of the main thrusts of Neddy's work will be to try to bring about the changes which will mean we enter the next upswing with higher productivity, better use of resources, and a better stock of investment."

The next upturn might be delayed by the slow recovery of world trade, said Sir Ronald, but there was likely to be great pressure on U.K. resources by 1977-1978, and—taking up the CBI/TUC ideas — NEDC could give guidelines to bodies such as the NEB and MSC on areas of the economy which needed special attention.

There was what Sir Ronald described as "a remarkable degree of agreement" around the EEC table yesterday about the need for more economic planning. "We are in a situation which we can't simply stumble out of," one member said.

The joint TUC/CBI paper calls for the Treasury to be much more forthcoming with its forecasting data, and to supply NEDC with regular—possibly quarterly —forecasts of national expenditure, impoirs and gross domestic product "in real and money terms; together with unemployment an dthe financial balances of the various sectors of the economy."

It goes on: "The role of NEDC in first evaluating and then endeavouring to agree parallel lines of thinking and action on the economy needs a far more open debate both between officials and at Council level."

The Prime Minister himself had given the impression in a television interview a few weeks ago that he was thinking of a more prominent role for NEDC, and even revived the idea of both sides of industry sitting around a table and discussing the sharing out of he national cake.

The formal Government reply to the CBI/TUC paper will come in a fortnight at the next NEDC meeting.

● THE COUNCIL accepted a proposal to establish a committee on finance for investment under the NEDC, which would have broadly the same status as an economic development committee.

Land Securities cuts value 25%

BY JOHN TRAFFORD, PROPERTY EDITOR

LAND SECURITIES Investment Trust, Britain's largest proeprty company and a major owner of central London offices, has cut the value of its property portfolio by nearly 25 per cent., from £1.061bn. to £805m.

The new valuation, dated March 31, contrasts with the previous official valuation carried out two years earlier at the height of the property boom.

Yesterday, the stockmarket reacted favourably to the news which was widely considered to be somewhat better than had been expected and the Land Securities share price hardened 10p to close at 181p.

Reaction among property developers was rather more reserved. Some took the view that there is still an insufficient number of commercial property deals to allow a meaningful assessment of current property values.

Caution about drawing, a more general conclusion about the revised valuation, which was carried out by agents Knight Frank and Rutley in the early months of 1975, is largely based on three considerations.

First, the property market has picked up considerably since March with investment yields for prime office properties let at full market rents moving from 7.75 per cent. to around 7 per cent. to-day. A valuation on to-day's yield basis would show a considerably higher figure.

Secondly, much of the Land Sevcurities portfolio is highly "reversionary," that is, let to tenants on long leases without frequent rent reviews.

There has been little or no market in such properties even since the revival of institutional investment interest in property earlier this year, so a large proportion of the portfolio cannot be given a value in any way based on recent sales.

Third, many of the Land Securities' properties, particularly those in Central London, are very large and would be expected to sell at prices a long way above the present range of institutional buying interest.

Recently, the institutions have been actively buying top-quality properties worth £2m.-£3m. but there has been no recent deal in properties worth £20m. or more—the level which should apply to many Land Securities holdings.

Property companies now appear alive to the dangers of placing too much emphasis on the book value of their portfolios —it was an unofficial increase in Land Securities portfolio value in November 1973 which sparked the political storm that led Mr. Anthony Barber, then Chancellor of the Exchequer, to propose a development gains tax.

Coats Patons forecasts full dividend payments for 1975

BY MARGARET REID

COATS PATONS, which has provoked criticism with its decision to pass its 1974 final dividend to conserve cash, yesterday foreshadowed total dividend payments for the present year at a level effectively 12½ per cent. above what shareholders received for 1973.

It was uncertain last night how far discontent at the controversial 1974 dividend move would be appeased by the forecast payments for 1975 or by arrangements being made to help small shareholders sell the one-for-25 scrip issue of shares soon to be made.

The Association of Unit Trust Managers, which earlier said it was its present intention to advise members to vote against the report and accounts, at the annual meeting on July 11, is expected to discuss the position later this week. Pension fund managers, who have also been critical, will consider the matter among themselves shortly.

It was suggested in the unit trust industry yesterday that further problems might lie ahead, since Coats Patons' foreshadowed dividends for 1975 might exceed what would be allowed under present Treasury dividend restrictions concerning "recovery situations."

A spokesman for the group's merchant banking advisers, Morgan Grenfell, said last night, however, that this was not regarded as a recovery situation but a "unique situation." The final dividend hoped to be paid 1975 had not been cleared with the Treasury, which did not rule on hypothetical questions, he said. But he added: "We would be most surprised if the Treasury took the view that this was other than a very special situation and if they did not co-operate."

Mr. Charles Bell, Coats Patons' chairman, announced that the group would pay an interim dividend of 0.9444p net per share for 1975, brought forward to December. At this moment, he said, the Board also "expects to wish to recommend" a final of not less than 1.7673p net per share, which would mean the equivalent of a total gross payment of 4.1718p a share for 1975.

Under arrangements being made by the company, smaller shareholders wising to sell their scrip issue shares will be able to dispose of them at average rates of commission, which are more favourable than minimum rates.

Saying that he was completely unrepentant about the decision on the 1974 final dividend, Mr. Bell said yesterday that he could not forecast 1975 profits—"the present position is not good"— but that the cover for the normal dividend was very considerable. Moreover, he expressed the hope that the cash position would continue to improve

Pound picks up after hitting 26.7% low

BY MICHAEL BLANDEN

THE POUND fell another ½ per cent. in value to a new low yesterday morning, but picked up later on some buying activity in relatively quiet markets.

Following some pressure in late dealings on Monday night, sterling met a flurry of selling from the Continent, including particularly France and Switzerland, at the start of business yesterday.

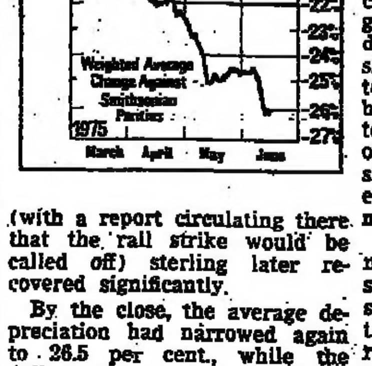
This took the average depreciation from December, 1971, levels by the time the Bank of England made its morning calculation, to a new low of 26.7 per cent.

This compared with the previous night's depreciation of 26.2 per cent., equal to the record closing low point recorded last Thursday. And it was 0.2 points worse than the lowest level reached at any time previously, the 26.5 per cent. recorded during dealings on Thursday.

The pressure was also reflected in the rate against the dollar, which early in the day touched \$2.2667½, to show a further fall of 87½ points from the previous night's close.

Later in the day, however, the market quietened. Dealers reported that the Bank of England had possibly been in the market on a small scale early in the day, but that there had been no sign of support later.

And with the help of renewed buying, first from New York and then from the Continent (with a report circulating there that the rail strike would be called off) sterling later recovered significantly.



By the close, the average depreciation had narrowed again to 26.5 per cent., while the dollar rate had improved to \$2.2720, a fall of only 35 points from the overnight level. There was also a further gain in the forward sterling exchange rates.

Activity in the market was reported to be quiet through much of the day, with the closure of Frankfurt for a national holiday helping to hold down the level of dealings. Nevertheless, the market remains very nervous about the position of sterling.

Weather

U.K. TO-DAY

HIGH PRESSURE over East England will move away eastward and low pressure will move in from Ireland to most areas.

London, Southern England, E. Anglia, the Midlands, N.E. England

Sunny intervals at first becoming cloudy but mainly dry. Max. 21C (70F).

Channel Isles, S.W. England, Wales

Drizzle at times with hill and coast fog patches. Max. 15C (59F).

Northern England, Lake District, Isle of Man, Borders, E. Scotland, Central Highlands

Dry at first becoming cloudy with occasional rain and fog on hills. Moderate to fresh wind. Max 15C (59F).

W. Scotland, N. Ireland

Cloudy with rain at first and sunny intervals and showers later. Winds fresh. Max. 13C (55F).

Orkney, Shetland

Cloudy later with some rain and fresh winds. Max. 9C (48F).

Outlook: Dry and warm in South but rainy and cool in the North.

Lighting-up: London 21.50, Manchester 22.11, Glasgow 22.35, Belfast 22.33.

Pollen count: 69 High. Forecast: Higher.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	[illegible]	[illegible]	[illegible]	Luxembrg.	[illegible]	[illegible]	[illegible]
Amsterdm.	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Manchstr.	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Newcastle	[illegible]	[illegible]	[illegible]
Birmghm.	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]
Cardiff	[illegible]	[illegible]	[illegible]	Rio de J'o	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Copnhagn.	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Edinbrgh.	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]	Tehran	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
H. Kong	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	15	59
Algiers	[illegible]	[illegible]	[illegible]	Las Pims.	[illegible]	21	70
Biarritz	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	20	68
Blackpool	[illegible]	[illegible]	[illegible]	Luxor	[illegible]	36	97
Bordeaux	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	27	81
Boulogne	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	28	82
Casablnca.	[illegible]	[illegible]	[illegible]	Malta	[illegible]	24	75
Cape Tn.	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	22	72
Corfu	[illegible]	[illegible]	[illegible]	Naples	[illegible]	23	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nice	[illegible]	24	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	28	82
Florence	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	15	64
Funchal	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	29	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	18	64
Guernsey	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	19	66
Innsbruck	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	16	61
Inverness	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	26	[illegible]
I. of Man	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	26	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]	Venice	[illegible]	18	64

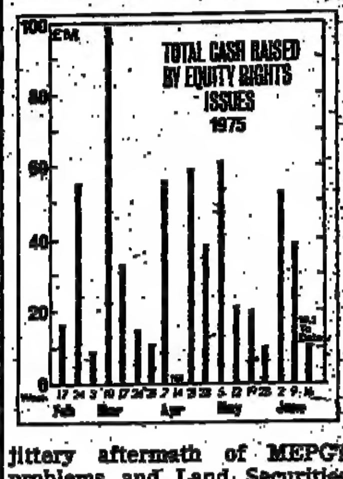
S—Sunny. F—Fair. C—Cloudy. R—Rain. Th—Thunder.

THE LEX COLUMN

New yardstick for property values

Index fell 4.9 to 330.6

The end of the early 1970s property boom has wiped £256m. —or 24 per cent.—off the value of Land Syeurities' completed properties in the last two years, ignoring the £278m. surplus of November, 1973, which was set aside last year. The result is a drop in fully diluted net worth from 344p to 234p—taking developments at cost—against a peak of 513p in November, 1973 (developments at market value). Yet the statement produced a definite sigh of relief in the



jittery aftermath of MEPC's problems and Land Securities rose 10p to 181p—compared with an April 1975 high of 251p —and the sector made a small gain against the market trend.

The drop in net worth has transformed the gearing: debt has risen from 66 to 107 per cent. of shareholders funds during 1974-75. But this is certainly not outrageous by property company standards, and with development being cut back total borrowings seem under control—increasing last year by just £1m. to £463m. (including £113m. of convertible). Meanwhile there are no real shocks in the p and l account. Profits after tax fell from £4m. to £2.1m. before the capitalisation of development interest of £7.3m.

This should help steady the shares of the company and the sector, even though Land Securities is possibly less of a bench mark than it was because of its high proportion of big buildings — where larger discounts are needed—and concentration in Central London— where rents are weakest. The valuation no doubt takes full account of this although no official indication has been given of the yield basis, a figure of around 8 per cent. seems likely to have been used for prime investments, compared with possibly 5 per cent. two years ago. Yields have dropped by around three-quarters of a point since the end of March, but this has been offset by falling rents. As usual, however, we are told none of the essential details underlying the valuation.

Coats Patons

Coats Patons is "completely unrepentant" about its decision to pass the final dividend, but yesterday's explanatory statement goes so far to meet the Board's critics as to risk losing sight of the logic which underlays the original decision. The main argument, it will be remembered, was that the £37m. swallowed up in 1974 by the effect of inflation upon working capital made it desirable (along with tax reasons) to miss the dividend in order to protect shareholders' equity. In other words, Coats was saying that cash generation rather than profits should be the measure of dividend paying ability. Now, however, it is saying that in future dividends will be determined by earnings; the 1974 decision was made in "quite exceptional circumstances."

Only an optimist, however, would suggest 1974's conditions could not recur. The current working capital retrenchment is only being achieved by heavy destocking, aided by cyclical falls in fibre prices, and these trends will reverse in due course, though demand remains weak for the time being (with a 6 per cent. fall in U.K. thread volume, for instance.)

Meanwhile the dividend forecasts for 1975, spelt out now to give shareholders an idea of how they are placed, raise fresh problems. The total payout is to be 4.17p a share gross, an eighth more than for 1973. But according to the Treasury's rules Coats ranks as a recovery situation, and the maximum dividend it can pay is the 1973 rate (adjusted for the 1-for-25 scrip issue) of 3.53p. The rules, of course, could well be changed, but it appears that Coats will only be able to pay 25 per cent. less than if it had stuck to the maximum.

Now for the annual meeting, where Coats is threatened with moves to reject the report and accounts. Shareholders are obviously entitled to express their opinions about the Board's dividend policy, but the important point is to make sure that Coats is closer to its shareholders in future.

Redland

There are two questions to ask about Redland's rights issue. The first is why it wants new equity money at a time when its capital programme has entered a relatively quiet phase and when its balance sheet is already reasonably conservative. Fixed asset spending will be down this year. Borrowings represent not much more than a third of total capital employed, and an even lower figure in some of the companies overseas, where Redland is especially keen to expand.

The second question is why Redland decided to raise just £7½m. As a proportion of the market capitalisation before the news (£67m.) this is substantially lower than the recent average for underwritten issues.

Plainly there is at least a touch of opportunism in this move. But the sizeable minority interests overseas are a constraint on self financed expansion in new territories. Redland insists it is raising the amount of new money that it actually needs. Moreover, its 1974-75 figures demonstrate its success in developing new markets overseas.

Profits excluding land sales are down from £22.3m. to £18.3m. before tax, but the overseas subsidiaries actually posted a small increase in the second half. The important German operation probably overstated its problems at half time and emerged about a fifth lower, while the U.S. and Holland were well ahead. The U.K. companies, which carry nearly all the interest costs, now account for less than a quarter of the pre-tax total and scarcely made £1m. in the second half. But hopes for overall stability this year are reinforced by the forecast of a 20 per cent. dividend hike.

Hint of Japanese car curbs

By Terry Dodsworth

A BROAD hint that the Japanese car industry might impose some form of self-restrictions on its exports to Britain, was given last night by Mr. Peter Carey, Secretary (Industry) at the Department of Industry.

He suggested that for Britain to impose restrictions on imports —as the Italians have with their 1,000 a year quota on Japanese cars—would be difficult under GATT rules, which Brinist would be "loath to break."

themselves reasonable when one tackles them about possible disruption to domestic industry, he told the Commons sub-committee inquiring into the motor industry.

An application lodged by the Society by the Motor Manufacturers and Traders to impose an anti-dumping duty on Japanese cars is being considered by the Department of Trade. Commenting on these talks, Mr. Carey said: "I think on imports from Japan could, in certain circumstances, be negotiated. This will depend to a certain extent on the outcome of these particular talks."

Mr. Carey, appearing for the second time before the committee, made it clear that the Department of Industry foresaw no difficulties under GATT regulations in providing Government assistance to British Leyland.

At a previous hearing, Mr. Alex Park, chief executive-elect of British Leyland, had suggested that Government aid might count as a subsidy because it would not be provided at a commercial rate.

But Mr. Carey said that the loan capital in the BL rescue plan would be provided at a commercial rate and that the Government would expect a normal rate of return, except for assistance provided under Section 8 of the Industry Act which deals with assisted areas.

There would be no question of unfairly undercutting competitors.

He also stressed that the Department of Industry was hoping that some of the loan capital, as distinct from the initial £200m. equity provided by the Government would come from banks, the FFI, insurance and pension funds.

The clause in the Ryder report, which suggested such a policy has not, so far, been greeted with much enthusiasm among the institutions. Hence, some form of assurance that there would be a competitive rate of return might be helpful in making the Government strategy for British Leyland work.

Questioned on the effectiveness of the proposed financial monitornig arrangements for BL, Mr. Carey said the Department of Industry was satisfied that it had sufficient powers to keep an adequate check on the company. If the proposed standards of efficiency were not achieved in terms of productivity, it would have sanctions in the form of withholding further loans.

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